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Hon. George E. Foster

AND THE

Insurance Commission

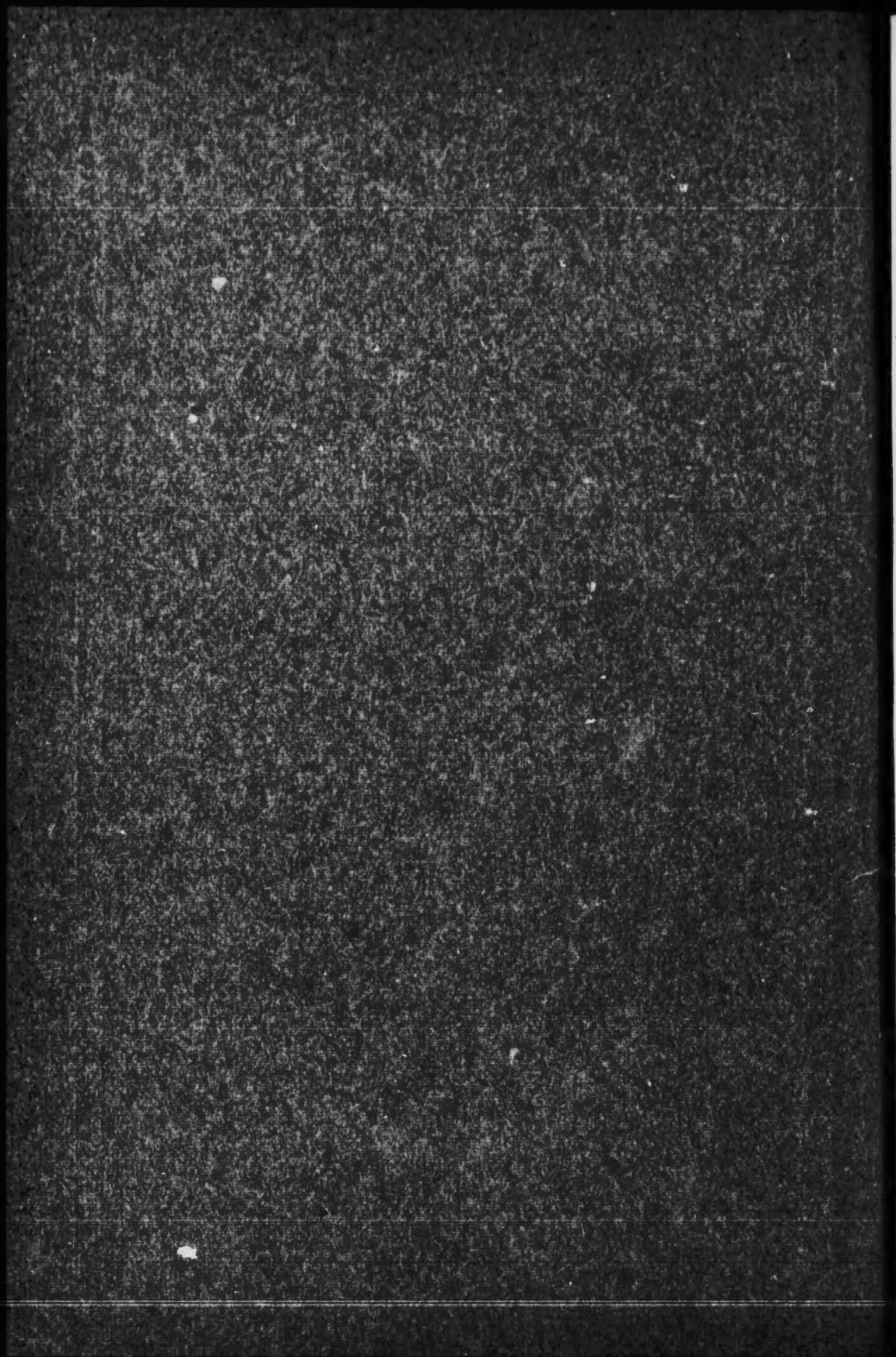
Statement of the Case in Parliament

SPEECHES OF

MR. FOSTER, MR. BORDEN and MR. LENNOX

With a Summary of the Charges and the Answers

1908



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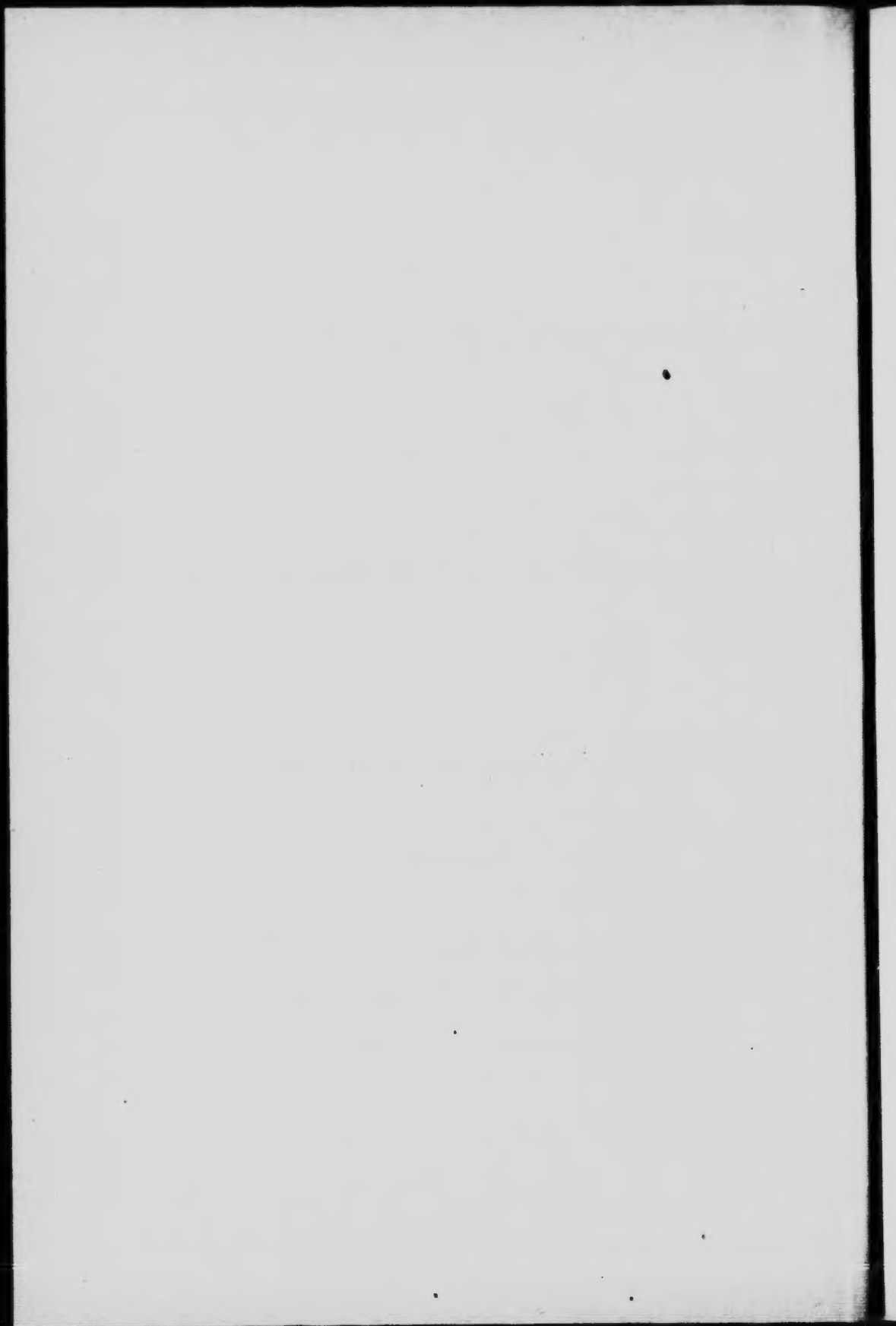
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HISTORICAL SKETCH.

HOW A COMMISSION TO INVESTIGATE INSURANCE WAS TURNED INTO A ONE-SIDED POLITICAL INQUISITION

**Terminating with a False and Slanderous Report, which
Could Not be Defended in Parliament.**

The report of the Insurance Commission and the proceedings upon which it was based are important in two particulars; first from their bearing upon the question of insurance, and, secondly, from their partisan political aspect. It is with the latter standpoint that this statement deals.

HOW IT GOT INTO POLITICS.

Though in the beginning there was probably no intention to use the Commission as a political weapon the investigation was very early turned in that direction. This was due to the circumstance that Hon. Geo. E. Foster was connected as manager with the Union Trust Company, in which the Independent Order of Foresters held a controlling interest, and that this company had loaned from its capital certain moneys to the Great Western Land Company, in which Mr. Foster and others were interested, and also to the Kamloops Lumber Company, in which Messrs. Fowler and McCormick had an interest. It also came to the knowledge of Mr. Shepley, the prosecuting counsel named by the Government, that the above mentioned Great Western Land Company had purchased lands from a syndicate composed of Messrs. Foster, Wilson and McGillivray, who had bought from Messrs. Fowler, Pope, Bennett and Lefurgey. These vendors had purchased from the Canadian Pacific Railway Company. With the exception of Mr. Wilson they were all members or ex-members of Parliament, and all prominent Liberal-Conservatives. Mr. Wilson was a well known lawyer and an active member of the same party.

MR. SHEPLEY EMPLOYED.

Certain Liberal leaders, among them Ministers and former Ministers

of the Crown, quickly discerned the opportunity for partisan capital to be found in connecting the names of these political opponents with the public prosecution before the Commission, and the production of evidence which might be used to their prejudice. This they set themselves to do through Mr. Shepley, who was a strong partisan of the present Minister of Justice, with whom he kept in constant touch either by written or verbal communication, and from whom he regularly received information and suggestions. Mr. Shepley was before this time, and has been subsequently engaged as counsel for the Crown in other transactions, and had received generous rewards from the public treasury.

• HOW THE PROSECUTION WAS MANAGED.

The Commission, under Mr. Shepley's guidance, opened the door wide for the sort of work required, by two ingenious expedients:—(1) The permission to Mr. Shepley to pursue undeclared charges far beyond the legitimate purpose of the inquiry against the public men who were to be attacked, and (2) the refusal to allow them the right of demanding definite preferred charges or of counsel to cross-examine witnesses and furnish evidence in rebuttal.

Before such a court and under such conditions these gentlemen were practically arraigned on undeclared charges, which were pressed with all the skill and ingenuity of a practiced lawyer, while they themselves had neither the benefit of counsel nor the guarantee of fair play afforded in an ordinary Court of Law. Yet not one of these public men was in any way connected with the insurance company under investigation, or in the conduct of any business of insurance.

THE POSITION OF THE PERSONS ATTACKED.

Messrs. Pope, Fowler, Bennett and Lefurgey were buyers of land in the North-West, and sellers to Messrs. Foster, Wilson and McGillivray as private purchasers. Messrs. Foster, Wilson and McGillivray as private parties sold this land to a company of which they then became directors. To this company the Union Trust Company made a loan, well secured, at good interest, which has given the Trust Company a fine profit.

Messrs. Foster, Wilson and McGillivray were directors of the Union Trust Company, but not a controlling majority thereof, and the loan was made upon full disclosure of all the facts and after authoritative declaration as to its legality.

Messrs. Fowler and McCormick held an interest in the Kamloops Lumber Company, which on open agreement and full security received a loan from the Union Trust Company. That loan has been paid off, and resulted in a handsome profit to the Trust Company.

HOW TO PRODUCE A FALSE IMPRESSION.

The purpose of Mr. Shepley appeared to be to connect the names of the above mentioned opponents of Government, especially that of Mr. Foster, with various business transactions, so far as he could do it by questioning other witnesses, in most cases those who knew little or nothing at first hand, so as to give an inference of wrongdoing, and allow the party press to do the rest, before an opportunity was given to contradict or explain.

The party press carried out its share of the programme, and every Government organ, beginning with the *Toronto Globe*, by flaring headlines, sensational reports and editorial verdicts, contributed toward the attack on obnoxious opponents of the Government.

A ONE-SIDED ENQUIRY.

After a sufficient time had been allowed to produce the required impression, Messrs. Foster, Fowler and Lefurgey were permitted to answer such questions, and such questions only, as Mr. Shepley, the prosecutor, chose to ask them. Their counsel was not allowed to cross-examine any witnesses. Mr. Foster was permitted to make a short statement under oath, but this is ignored in the report of the Commission.

In the end when the Commissioners were engaged nominally in drawing up their report, Mr. Shepley, the prosecutor, was continued at one hundred dollars a day salary, plus a retaining fee, amount then unsettled, to assist in their work. The Government seemed to see no inconsistency in thus employing the prosecutor to take part in preparing the judgment. In the House of Commons, and in the presence of the Minister of Justice and other Ministers, Mr. Fowler asserted that Mr. Shepley wrote the whole of the report and findings of the Commission. The Government did not deny it.

GREAT EXPECTATIONS.

The purpose of all this was to create an impression outside of Insurance matters altogether, adverse to certain aggressive opposition members of Parliament. It was hoped and expected that well meaning people would be led to doubt their integrity. By the Government press Parliament was called upon to purge itself of these Conservative members, and some of the organs went so far as to declare that Mr. Foster would not dare to face his opponents, or that if he appeared in Parliament he would not venture to attack the Government.

THE SCHEME DID NOT WORK.

Parliament met on the twenty-third of November. Mr. Foster was there. The Government soon discovered that he had not been silenced. On

the second day of the session he made a vigorous attack on the Government and its policy, alluding to the Royal Commission in plain terms. He next proceeded to make full inquiry in the House as to the connection of Mr. Aylesworth, the Minister of Justice, with the prosecuting counsel and with the conduct of proceedings. Mr. Foster took an early opportunity to challenge his accusers to bring their criticism of his conduct or their charges against him definitely before the House. As soon as the report had been produced, and fair time given for its study he repeated the challenge. No Minister or Opposition member accepted this invitation, and the Premier himself admitted that he could find nothing upon which a charge could be made in the House. Finally, when no political opponent would move in the matter, Mr. Foster himself set a day for discussing the report and requested his accusers to be ready.

THE DISCUSSION IN PARLIAMENT.

On the day named Mr. Foster proceeded first to make a statement in his own behalf, and secondly, to arraign the conduct and report of the Commission as grossly unfair throughout, and to show that the report itself was absolutely false in many important particulars.

Only one member of the House came to the defence of the Commission, or even attempted to make good the charges that had been freely bandied about by Government organs and orators throughout the country. This was Hon. A. B. Aylesworth, Minister of Justice, the man who recommended his friend and ardent supporter, Mr. Shepley, for the position of prosecuting counsel, and who kept in touch with him by communications and suggestions while he was in pursuit of political opponents. Mr. Borden and eight other Conservative members followed the Minister, exposing the suppressions of truth, suggestions of falsehood, and the actual false statements appearing in the report. They discussed the record of some of the Commissioners, notably that of the chairman, who had served on a Commission appointed by Premier Ross to investigate the West Elgin election steal, and had not been able to find any serious wrong in that notorious series of election crimes.

CHARGES AGAINST FOWLER, BENNETT AND LEFURGEY COLLAPSE.

It should be stated that so far as Mr. Fowler was concerned the Government and its friends practically abandoned all charges and insinuations. Even Mr. Aylesworth had nothing to say in criticism of Mr. Fowler's course in the transactions discussed. Mr. Aylesworth also admitted that the whole transaction was in no degree to the discredit of Mr. Bennett. Mr. Lefurgey stands in the same position. It is, therefore, not necessary to present their statement in defence, since the spokesman for the Government found no case against them.

On the week following the first discussion Mr. Lennox submitted a

resolution condemning the conduct of the Commission, when the mover himself, with Mr. Foster and Mr. Borden, again reviewed the record, and not a man on the Government side uttered a word in the defence of the Commission. The resolution condemning the Commission was supported by every Liberal-Conservative member in the House.

THEY WERE AFTER MR. BORDEN, TOO.

On both occasions Mr. Borden referred to the attempts of Mr. Shepley and the prosecution to connect the Opposition leader with the transaction they were investigating as a political side issue. By persistent and ingenious questioning, by inferential statements and by various methods and suggestions, Mr. Shepley struggled to create the impression that Mr. Borden had been connected with Western land transactions. The intense desire to raise some cry against the Opposition leader and the terrible disappointment caused by the failure are shown by the illustrations furnished in Mr. Borden's speech here published.

Charges Affecting Mr. Foster.

MADE OR SUGGESTED BY THE COMMISSION OR BY THE PRESS—WITH THE ANSWERS AND FACTS IN REGARD TO EACH CHARGE

CHARGE No. 1.

That Mr. Foster formed the Union Trust Company and that as its manager he made improper and illegal investments of the Foresters' trust funds.

THE FACTS.

Mr. Foster did not originate the idea of a trust company for the investment of the Foresters' funds, and is in no way responsible therefor. The late Dr. Oronhyatekha, Supreme Chief Ranger; Mr. McGillivray, Supreme Chief Secretary; Mr. Stevenson, Supreme Chief Councillor, and the other members of the Supreme Court of the Foresters made that decision. They then bought up the Provincial Trust Company, expending the Foresters' money for this purpose. Afterwards they sought and obtained a charter for the Union Trust Company to take over the old Provincial company and decided to invest \$2,700,000 of Foresters' funds in the capital stock of the Union Trust Company, which gave the Foresters practical ownership. Next they authorized the investment of the capital stock thus provided in the securities permitted under the charter, and by the laws governing loans and trust companies of Ontario. After this they selected a board of directors and appointed a general manager to carry on the operations of the trust company. Mr. Foster was the general manager appointed, and under the board of directors made the investments of the \$2,700,000 capital stock.

Every dollar of that money was legally invested according to the law of the Province and the charter of the company of which Mr. Foster was manager.

Besides the above named capital investments, the Supreme Court of the Foresters made a contract with the Union Trust Company to invest such of its monthly surplus as the council decided. This surplus, according to the contract, was to be invested only in such securities as are permitted by the Insurance Act.

Every dollar of this surplus was invested by the directors and the general manager in such securities and in no others. The investments were not only legal but they were extremely profitable.

For the creation of the Trust Company and for the investment of Foresters' trust funds therein the members of the Supreme Court of the Foresters were alone responsible. If it was praiseworthy, to them the praise. If it was blameworthy, on them the blame. In either case Mr. Foster's work was to invest, according to the law and charter of his own company, what was placed in his charge. This he did legally, prudently and profitably.

CHARGE NO. 2.

That in some way not definitely explained, Mr. Foster imperilled and sacrificed the Foresters' funds, thus impairing the resources of the widows and orphans of the insured.

THE FACTS.

Mr. Foster had nothing to do with the trust funds of the Foresters except as stated in No. 1. He was not a member or an officer of the Foresters. His work was in the Trust Company and with such funds as were placed there by the Supreme Court of the Foresters as capital stock or surplus. These he invested under direction of the board in legal and authorized securities. The records show that these investments were profitable.

Year.	Net Profits.	Reserve.	Assets.
1901 (4 months)	\$ 18,787	\$ 757,007
1902	39,067	\$225,000	1,984,132
1903	68,727	250,000	3,077,596
1904	94,057	280,000	4,361,080
1905	122,338	370,000	5,874,508
1906	183,898	400,000	8,000,000

Total\$526,874

Average yearly profits, \$105,375.

Compare this record with that of the Toronto General Trust, the oldest and strongest and most influential trust company in Canada. It was formed in 1882, and has just closed its twenty-fifth year.

Here is its record for the first and fifth five-year periods respectively:

	First Five Years.	Fifth Five Years.
Net profits	\$72,500	\$545,500
Reserve in 1906		375,000
Assets in 1906		30,000,000

It thus appears that in the first five years of its existence the Union Trust Company made in profits \$526,874, as compared with \$72,500 made in the first five years of the Toronto General, and with \$545,500 in its fifth five years.

No other trust company in Canada has made anything like the record of the Union Trust company in respect of earned profit. So it is clear that the Foresters' funds have been vastly bettered and the resources of the widows and orphans greatly augmented under Mr. Foster's management of the company.

CHARGE NO. 3.

That Mr. Foster abused his position by taking commissions for himself out of Union Trust funds upon purchases of land made by him for the Union Trust Company.

THE FACTS.

The simple answer to this statement is that it is absolutely false. Mr. Foster never took any commission for land purchased by him for the Union Trust Company, or through the Union Trust Company, or in pursuance of any trust held by the Union Trust Company.

The matter referred to is known as the Montague Syndicate transaction. With this transaction the Union Trust Company had no connection except to hold the titles of certain lands bought by private parties, with money neither provided nor controlled by the Trust Company. For thus acting as holding agent the company was paid the regular fee for its services by the private parties interested.

The facts are these:

Dr. Oronhyatekha, Supreme Chief Ranger; Mr. McGillivray, Supreme Secretary, both members of the Supreme Council of the Foresters and of the Foresters' loaning board, and Dr. Montague, Deputy Supreme Ranger, but not a member of the Court or loaning board, decided to purchase lands for themselves in the North-West, borrowing therefor on security of the land from the Foresters at five per cent. interest, and on conditions shown in the mortgage. Dr. Montague was to hold the titles for the partners, so as to make proper transfers as lands were sold, and he also held the interest of the purchasers in trust. These three invited Mr. Foster, who was not a Forester, to join them, which he did. They bought 44,000 acres of land. This property was valued, and \$133,000 was advanced by the Supreme Court on first mortgage security. The loan was made by the Foresters, March 28th, 1902, and the Union Trust Company had nothing whatever to do with it.

In May, 1903, the partners decided to have the Trust Company take the place of Dr. Montague, as holders of the titles and securities only. For this routine and mechanical business the Union Trust Company was engaged and paid by the four gentlemen named. As holding trustee it had nothing to do with bargaining for or buying or selling their land, and had no financial or beneficial interest in any way.

Afterward other lands were bought by the syndicate, money was ad-

vanced by the original lender, upon the same conditions as before, and the titles were held by the Trust Company for similar reasons.

One of these purchases of 40,000 acres was made from a Western land company through its selling agent, Mr. Pritchard. The price at which Pritchard was to sell was \$5 per acre, and his commission was to be \$10,000 out of that amount. The agent's commission was part of the selling price. In order to further the sale this agent agreed to allow the purchaser one-half his commission, or \$5,000. This was carried out, and the amount by which the price of the land was reduced was divided as profits equally among the four, two of whom represented the lenders. The transaction was openly carried out, passed through the books and audited. At that time the Syndicate had paid the year's interest on its mortgage out of profits, and was not in arrears under its agreement with the lender.

The Union Trust Company had no beneficiary interest or trust in any way, and no breach or abuse of trust was, therefore, committed by Mr. Foster.

The same is true respecting a later purchase of 9,000 acres by the same Syndicate and in the same way. The only question that could be raised in relation to this whole transaction is the propriety of the officers of the Supreme Court lending Foresters' money to themselves. But this could not apply to Mr. Foster, who was neither a Forester nor a member of the Court. In the end the Foresters received every dollar of their loan and interest thereon.

CHARGE No. 4.

That Mr. Foster took a commission in the Kamloops property purchase.

THE FACTS.

Mr. Foster contradicted this statement flatly on oath. He explained to the Commission in part his private financial transaction with Mr. Fowler. He offered to give the full details to the Commission privately in order that they might satisfy themselves that the transaction was purely a private business affair. This offer was accepted by the Commission. No witness was questioned nor was any evidence adduced to support Mr. Shepley's suggested charge.

Yet the Commission so worded their report, so suppressed Mr. Foster's evidence, that on the face of their summary statement this absolutely false charge appears as though it had substantial foundation. This suppression of truth and suggestion of falsehood has every appearance of maliciousness and deliberate intention to slander.

CHARGE No. 5.

That Mr. Foster in the Great West land transaction diverted trust funds

in loans to himself and his friends without disclosing the facts to the Trust Company.

THE FACTS.

Mr. Foster, Mr. Wilson and Mr. McGillivray, in their private capacity, independent entirely of the Trust Company, purchased an option on lands as they had a legal and moral right to do. They afterward sold this option to an incorporated company at an advance, payable in stock, of 50 cents per acre, and became members of the directorate of this company, as they had a right to do. The directors, nine in number, of this company, in arranging for finances to carry its business, proposed to the Union Trust Company that the latter should make a loan to their land company on the security of the property. The Union Trust Company, after a full consideration of the proposition, and after getting the opinion of Sir John Boyd that such a loan was within the competence of the company, decided to make a loan at six per cent. secured on the company's total assets.

In addition to the interest charged the Union Trust Company was to receive a substantial bonus in stock of the land company. Full disclosure was made of all the particulars, as is shown in the evidence before the Commission and detailed in Mr. Foster's speech. There was never at any time any doubt as to the sufficiency of the security. As the Union Trust Company's chief business was and is to loan funds on adequate security, the transaction was not only within its powers but along the line of its regular business. The vast majority of the company's funds is invested in real estate securities.

The Trust Company, besides its mortgage investment, will make a handsome profit out of its stock bonus and management charges. Messrs. Foster, Wilson and McGillivray can make nothing out of the advance for which they sold their option until all mortgage and other indebtedness is cleared off and the lands liquidated.

The Union Trust Company has from the first received all money coming from the sale of lands. Not one dollar of profit in any way has gone into the pockets of Mr. Foster or any other of the directors of the land company. It was simply and solely a transaction between two companies on the basis of what the loaning company knew to be ample security.

Though some of the directors of the land company were also directors of the Trust company, no evidence was or can be produced to show that any undue influence was exerted by them. It is not illegal and certainly not unusual for directors of one company to serve as directors of another with which business is transacted.

The directors of a bank are trustees for the public in the same sense as were Mr. Foster and the directors of the Union Trust Company, but it is a regular thing for banks to make loans both to their directors and to firms of which they are members. In fact, the monthly returns of banks published

by the Government contain a column expressly for the purpose of showing the amount of these loans. The returns for March, 1907, show that the chartered banks of Canada had on the 31st of that month \$11,430,226 loaned to directors. Of the 36 banks in Canada all but one had made such advances. The following are the amounts loaned by some of the principal banks of Canada to their directors:

Bank of Commerce	\$1,801,875
Bank of Montreal	1,495,000
Bank of Toronto	1,027,073
Dominion Bank	749,600
Merchants Bank of Canada	599,211
Royal Bank	577,930
Banque Nationale	515,617
Union Bank of Halifax	459,392
Molsons Bank	419,662

CHARGE NO. 6.

But these investments might have turned out badly. Therefore Mr. Foster should be condemned for making them.

THE FACTS.

All investments might equally be condemned on this ground. Banks fail, companies collapse, growing crops are destroyed, cattle die, mines peter out, cities are burned or knocked down by earthquakes and a certain percentage of all human ventures end in disappointment. Men in positions of trust cannot always be condemned for actual failure, much less for possible failure.

Granted that the security is a legal one, that in the judgment of the investor the security is sufficient, and that reasonable precautions are taken, the investor has done his duty. In the investments made by Mr. Foster the securities were legal. In the judgment of all the directors they were adequate. All possible precautions were taken to ensure success.

They were singularly successful. The British Columbia business gave over \$75,000 clear profit and the total land business over \$300,000 clear profit.

Speech by Hon. Geo. E. Foster

**APRIL 10, 1907—ON THE MOTION TO VOTE \$75,000
FOR EXPENSES OF THE INSURANCE COMMISSION,
IN ADDITION TO \$30,000 PREVIOUSLY VOTED.**

Mr. Foster. Mr. Chairman, I regret on one account that I am obliged to ask the attention of this House for any considerable time to matters in regard to which the House has no conceivable legitimate business, and which ought not under any ordinary circumstances to be brought before the House, as they are matters entirely personal, either with reference to personal conduct or with reference to personal and private business, which would never have become the subject of comment in this House unless for circumstances over which I had no control. I am, therefore, not apologizing to the members of the House for bringing this matter to their attention; the apology, if any, is due by others than myself.

WHY A STATEMENT IS NECESSARY.

But I, at the same time, none the less regret that a man is called to stand up in this parliament and take any considerable portion of its time in reference to what are entirely his own personal or business affairs. The impression seems to have been created—and there are persons who are not at all laggard in attempting to strengthen that impression—that in some way or other the member for North Toronto has brought himself into a position in which it becomes the duty of the House of Commons to either prefer a charge against or pass a censure upon him, and if possible send him about his private business.

Sometimes that is varied by the advice of good friends who think that that matter ought to be relegated to the constituents of the hon. member, and that he should at once take the opportunity of placing his case before his constituents. That impression is also tinged with another, that it is a question of some public malfeasance, some disregard or active violation of some of the public duties of a member of Parliament. Now, it might be well briefly to state just why this statement is being made; and perhaps one of the best ways of doing that is in the first place to say why it is not being made.

NO CHARGE AGAINST MY PUBLIC RECORD.

It is not being made owing to the possibility of any member of this

House of Commons laying any charge against the member for North Toronto touching any part of his public and official duties, extending now over a period of some twenty-one years as a member of the House and some eleven years as a Minister of the Government in charge of the work of the country. Although as careful inquisition has been made into my case as I suppose has been made into the case of any other public man, I stand at this time in this House of Commons in a position to state that from no official quarter and from no responsible party has there emanated or is there likely to emanate any charge against the member for North Toronto which may be brought into this House and pressed against him in regard to his public duties.

That being, I think, the case—I state it modestly, and not in any boasting manner—an attempt was made last year to attack the member for North Toronto on the race-and-religion cry. The member for North Toronto was not born, has not been bred, and is not to-day, a bigot. He believes in his own religious principles, he adheres to that portion of the Christian community in which he was born and to which he remains attached. He asks the right to worship his own God in his own way, and he carefully and generously concedes the same right to every other man. In the records of the public press or of the “Hansard” of this Parliament, there cannot be found one single expression which can be tortured into a bigoted or ungenerous expression of feeling towards the co-religionists of hon. gentlemen who are not my co-religionists or towards any race or any creed in this country.

THE AYLESWORTH—CINQ-MARS FAILURE.

But last year an attempt was made to drive it home to the people of the province of Quebec that I was an eater and a hater of Frenchmen—that I had chewed them up in various ways in this House and on the platforms of the country; and a young gentleman undertook to publish that propaganda in the Province of Quebec. As I said last year, I am not at all thin-skinned with reference to things said about me in the public press; but I did consider it my duty, when a charge of that kind was made against me, to make an example and if possible vindicate my rights in that respect. I did so, and notwithstanding the distinguished protection and patronage of the present Minister of Justice, who endeavored to laugh me out of court for the assumption of the position that I took, the good sense of parliament prevailed, and two things were demonstrated—one, that after all the assiduity that could be put into the search, no single justification of the statement made was presented at the bar of the House; and the other, that parliament, though composed largely of one party, dropped its partisanship to a large extent for the time being, and affirmed the well-understood rights of a member of parliament and the well-understood dignity of parliament itself.

ANOTHER WAY OPENS.

Some other way had to be found. An insurance commission was appointed by the government of this country a year ago or more. That insurance commission was given certain powers. By order in council and in the King's name they were sent to do a certain work. Let me be absolutely well understood. I do not think it entered into the mind of any person, when that commission was instituted, that it was to be used for any other purpose than the subject matter to which its powers were confined. But, while I state that and hold to that, I am equally strongly of opinion, and I have found no reason to give up that opinion, that it was not long in operation before some people thought that it afforded a piece of machinery by which political opponents, or at least a political opponent, might be broken and a party advantage might be gained. That belief may be simply confined to myself. I state it because I hold it, and I shall have to have good reason for giving it up.

WANDERINGS OF THE COMMISSION.

Well, Sir, that commission went to work, and although its powers were absolutely confined to insurance business and insurance systems, and what was germane and closely connected thereto, in some way or other that commission decided it within its province, or within its power, one or the other, to make inquisition into businesses in no way related to or concerned with insurance—into matters of private parties in no way connected with or related to insurance or insurance systems; and in that way, through the press, which diligently headlined all the striking parts that might be worked to the injury of a party opponent, followed it up during the time of the commission's work up to and including the report of the commission itself, which we have been able to study during the last three weeks. In connection therewith and as a result thereof, the private businesses of private parties and of private companies have been brought in and made a part of the record, and my own name and my own work have been so brought in and made a part of the record, that I have been in the first place challenged to clear my skirts in this House—challenged to make this House a tribunal and present my case to it; and, by reason of the arbitrary and un-British manner of proceeding adopted by the commission, I was obliged to state before the commission itself that, being denied the rights of a free man inside of that commission, I would be obliged to appeal to a higher tribunal; and here I am to-day. The tribunal is not quite as full as I would like it to be; but it is the best I have. I have been challenged to appear before it and I feel it my duty in some respects to make my statement here.

FAIR PLAY DEMANDED.

Now, Sir, I do not expect that the statement that I make to-day will go as widely as the precious headlines went in the party papers; I do not expect

that all the gentlemen sitting opposite to me or about me will be quite unprejudiced in this matter. I do not know why they should not be. Might I appeal to the fair minded both of the public and the press to take my statement and weigh it, and come if possible to as nearly an unprejudiced conclusion as they can? And if I might appeal to the party press opposed to me, I might venture the wish that they would give as much publicity to the statement I now make in the place in which I am driven to make it as they did to the headlines and reports which came out from day to day whilst the commission was going on. They may be inclined to do that or they may not. That rests with themselves. If they do not, I cannot reach that portion of the public which they have prejudiced against me. That is one of the disabilities of not being ubiquitous or having your hand upon a general distributing machinery for information which shall reach the whole people of this country. That is all I have to state with reference to why I am about here to make the statement that I wish to make.

THE COMMISSION'S ARBITRARY METHODS.

The work of the Commission it is not my intention to take up in full this afternoon. That can be dealt with at another time and probably more effectively. But there is one statement I must make with reference to that Commission, and it is this. That Commission itself, in my opinion and as I ventured to state before it, overstepped the bounds of the powers that were conferred upon it and overstepped them to the prejudice and injury of private parties and private companies. That is my opinion. Let the House remember that in all the giving of evidence, in all the arrangements of documents, in all the ingenious questioning of witnesses, in all the pressure of charges—not declared but none the less charges—on which a conviction before that Commission was sought—in all these neither I myself nor any other man who appeared before that Commission had the right of a Canadian or British citizen to ask on what charge he was accused. A specification of the accusation that was brought against one, the protection of a court which always looks impartially on the two sides to a contest, or that greatest of all aid and protection, a counsel who is able to cross-examine and to bring rebuttal evidence—not one of those rights during that whole Commission's work was accorded to myself or to any other man brought before it.

OPINION OF A LIBERAL WITNESS.

The Montreal 'Witness' is not a paper particularly favourable to myself or the party to which I belong. Let me read an article from the Montreal 'Witness' which appeared just a day or two ago:

Sir Wilfrid Laurier's very eloquent presentation of the degradation it would be to the House of Commons to resolve it into an inquisition into rumors which no one had had the manhood to formulate into charges, amount, as the opposition leader pointed out, to a scathing denunciation of the recent Insurance Commission, with which the rumors in question had some connection. That Commission was far

worse than an inquest into unfounded rumors. It resolved itself from the first into a prosecution for undeclared charges. It engaged an inquisitor of the greatest ability as such, though before giving him credit for constructive wisdom, we should need to have assurance that he had no connection, as adviser, with certain preposterous recommendations in the Commission's report, and its draft Act of Parliament. This prosecutor seemed to regard it as his function to find every manager and director of every insurance company guilty of wrong-doing of some kind. He gave himself, and in the King's name, the Commission gave him, every latitude for insinuating crime. He had his brief from a notebook of the faithful Government inspectors and auditors, containing every point, however pedantic, raised in their private counsels, in the course of their very thorough audit and inspection for a score of years back, whether as to bookkeeping methods or as to investment. Wilful wrong was assumed in every case by the prosecutor, and, what is worse, wilful wrong is alleged in every case in the report of the Commission. Had the gentlemen prosecuted been indicted for the errors with which they are charged in this report, they would have been tried in open court.

GUILT ASSUMED

They would have been assumed to be innocent until proved guilty. They would have been defended by counsel. They would have had the court on their side to see that there was no one-sided presentation of their case. Before this Commission no charges were formulated, though criminal charges were present by *innuendo* all the time. No cross-examination was permitted, no defence was permitted. To a certain extent volunteered evidence was admitted, but was unheeded. The examination showed a determination to incriminate. The usual traps were laid to catch witnesses unaware. In fact every device was used in which a brilliant prosecutor might pride himself. Then at the close, each and every one of these unformulated charges is formulated in a public report, as a wilful departure from rectitude on the part of men, most of them of hitherto unimpeached reputation, and concerning whom the evidence had revealed nothing that was not consonant with the highest probity.

In other words, from the beginning to the end of that investigation, in so far as it referred to the Independent Order of Foresters, the Union Trust Company and myself, a very determined, most ingenious and skilful attempt was made—which has proved to a large extent successful—to shift the onus of responsibility from the shoulders on which it should rest and place it upon my devoted shoulders. That will come out more particularly as I progress with my statement. I make the assertion here in order that it may be kept in mind.

As the result of all this, certain impressions have been produced, and I propose to take them up in order. They are in most cases more than impressions. They are charges, insinuated if not openly declared. They are findings and judgments given in the report itself.

CHARGE 1.—IMPERILLED AND SQUANDERED FORESTER'S FUNDS.

The first of these is that Mr. Foster has imperilled, diverted and squandered the trust money of that organization in his investment of the same through the Union Trust Company and in other ways. Now, sir, there are gentlemen present who have passed through the period of this controversy. Am I stating too much when I make that statement as one of the impressions created and one of the findings actually given?

The hon. member for Carleton, N.B. (Mr. Carvell), the other day, in an address brought in out of place, but not without design, made the statement

on about these words: "Mr. Foster was the Union Trust Company; Mr. Foster had to do with the Foresters' funds; I, and other Foresters have the right to ask him in this House, what became of the funds of the Foresters?" Sir, I am here to make a partial answer to that demand. I assume that the hon. member, when he wanted to know what had become of the Foresters' funds, wanted to know what had become of all of those funds. I would not willingly charge him with wanting to know only what became of those funds of the Foresters that had been entrusted to my hands, and not wanting to know also what had become of those that never entered into my hands, for he put it on the ground that the Foresters had the right to know what had become of their money.

THE OTHER FORESTERS' FUNDS.

Well, sir: In 1901, when I took charge of the Union Trust Company, the Foresters had a surplus of \$5,250,000 in round numbers. Even the most rabid opponent of mine will not venture to say that I had anything to do with the investment of that money. In 1906, when I went out of the Trust Company work, the surplus of the Foresters was \$10,000,000 or thereabouts. That is to say, of the total surplus of the Foresters about five and a quarter millions was accumulated and invested before I came upon the scene, and less than five millions had to be invested after I came upon the scene. If the hon. member for Carleton, N.B., wants to know, in the name of the Foresters, what became of their surplus, let him read pages 123 to 132 of the report of the Royal Commission on Life Insurance. He will find there what became of part of the surplus, but he will not find there what became of it all. If he does not find it there—if he assumes, as we all must, that the duty of the Commission was to look into the investments of this insurance company—he will naturally turn to the evidence taken before that insurance commission to find out what became of that part of the surplus other than that which is accounted for in the pages to which I have directed him. But, when he looks in the report and looks in the evidence, he will not find it. What does that mean? It means that this Commission, which was appointed specifically to look after the investments of insurance companies, looked into the investments of this insurance company managed by Hon. George E. Foster, but was very careful not to look into the investment of a large proportion of that surplus which was invested before Hon. George E. Foster came into the Union Trust Company.

If the hon. gentleman (Mr. Carvell) wants to know what became of the surplus and trust funds of the Foresters after I came upon the scene, I shall be glad to give him, and this House, and the Foresters who are interested, the exact facts of the case. In 1901, as manager of the Union Trust Company, I took charge of the investment of a large surplus of the Foresters, under two heads—one part by contract on certain lines and the other

part as the investment of the Foresters in the capital stock of the Union Trust Company.

PROFITS MADE IN FIVE YEARS.

The profits of the Union Trust Company under my management were as follows:

1901 (four months)	\$ 18,787
1902	39,067
1903	68,727
1904	91,057
1905	122,338
1906	183,898
Total.....	<hr/> \$526,874

These are the profits made by me—for I am now accepting as the basis of my argument the statement of the hon. member for Carleton, N.B. (Mr. Carvell) that I was the whole of the Union Trust Company. I am answering the hon. gentleman on his own ground. The figures show that, in the five years during which I had charge of the work of the Union Trust Company, I made a profit for that company and for the Foresters of \$526,874. At the end of that time, the reserve fund of the Union Trust Company—which, of course, was nothing at the commencement—amounted to \$100,000; the assets—nothing, of course, at the beginning—amounted to a little over \$8,000,000. That, sir, is what became of the funds entrusted to the Union Trust Company and placed under my management for these five years.

A COMPARISON.

Comparisons are odious; but they are sometimes necessary. I make this challenge: That the history of no trust company in the Dominion of Canada shows in its first five years anything approaching to the profits shown by the Union Trust Company. For example, I take the Toronto General Trusts Corporation. That institution has been in operation for twenty-five years in this country. It is one of the strongest as well as one of the oldest trust companies in the country. It holds its head even with the great trust companies in other countries. That company, during the first five years of its existence—with a most influential body of directors and great avenues of business opened up to it thereby—made as profits \$72,500, as against \$526,874 made in its first five years by the Union Trust Company. The Toronto General Trust Corporation has been going on for twenty-five years, adding to its influential directorate, adding to its business. Take the last five years of its operation: What have been its profits for the last five years? \$545,500. After twenty years of consecutive work it went into its last quinquennial term and in that term of its operation it made \$545,000,

whilst the Union Trust Company, in the first five years of its operation, made \$526,000, or nearly as much in the first five years as the other company made in its last five years. The reserve of that company to-day, after twenty-five years' work, is \$375,000; the reserve of the Union Trust Company, after five years' work, is \$400,000. The assets of that company, after twenty-five years' work are \$31,000,000; the assets of the Union Trust Company, after five years are over \$8,000,000.

A PROOF OF SOUND MANAGEMENT.

Sir, without attempting to be invidious, I make the comparison with one of the best and strongest of our companies, and I do it in order to answer these honestly held qualms and doubts of the hon. member for Carleton, N.B. (Mr. Carvell), as to what has become of the Foresters' money which was entrusted to the Union Trust Company. Let me say in finishing that part of my statement that I challenge the Commission, the prosecutors under the Commission, or the friends of the Commission or any other man to show one single illegal investment made by the Union Trust Company of the funds, capital or otherwise, of the Foresters, during that five years. Let me say that every investment was made on securities allowed by the law, and on sufficient securities, and the figures that I have read to you indicate whether the securities and their sufficiency have been proved by the results in profits of over half a million of dollars in five years.

CHARGE 2.—THAT MR. FOSTER WAS ALONE RESPONSIBLE.

The next assumption which has been made—it is more than an assumption, it is a finding—is that Mr. Foster was the Trust Company, and solely responsible for the investments.

In the statement I have just made I assumed that that was true, because I wished to give my hon. friend a statement on his own basis. Let me now go on to state what was actually true, that Mr. Foster as manager of the Union Trust Company was not the whole Union Trust Company, was not by any means the whole Union Trust Company. Let me say in short that there is not an investment which can be pointed out of any considerable amount which was made by the manager of the Union Trust until it had been discussed and ordered by the board of directors of the Union Trust Company. Early in the formation of that company I put my views before those who were forming it. The proposition was to have a large and extended board of directors. I opposed that idea; I said I did not believe in that, for when you have that you get directors who cannot fill the daily responsibilities of the work, you then leave it over to a committee of those directors and the responsibility is gone from the directorate as a whole. I was of opinion that a small board of not more than seven directors living so near to each other that they could be easily brought together for the trans-

action of business should constitute the managing directorate, and should be held responsible for the investments made.

A RESPONSIBLE DIRECTORATE.

That was carried out and we began and continued almost up to the end of my term with seven directors. These directors were good men. I have had a good deal of experience with boards and I have never dealt with a board where I found the men more capable, more assiduous, or taking greater daily and weekly and monthly interest in the affairs they were supposed to direct. No investment was made unless it was first authorized by the directorate, and in the way of mortgage investments every one of them before the investment was made went before an executive committee composed of three directors, was looked into and reported upon by that executive committee, and if the report to the directorate was approved the manager then put the investment into train. I want that to be understood whilst I am making my statement before this committee.

A LAW AS TO INVESTMENTS.

The directors as well as the manager were also governed by the law of investments. A trust company acts under law and charter and its investments are absolutely conditioned by the laws in respect thereto and the charter powers given; neither manager nor director can go lawfully beyond what the law and the charter allows him and the directors to go. I made a statement a while ago as to what took place with reference to that charter and these laws in the matter of investments. Thus when the attempt is made to shift the responsibility from the directors to myself and make me absolutely responsible it is unfair as well as untrue. I propose to take my lawful and proper responsibility; I refuse to allow anybody to put upon me more than what properly belongs to me. I never shirk, I never have shirked the action of any board to which I belong and to whose investments I assented. Neither do I propose to allow any responsibility which does not properly rest upon me to be shifted upon me by any commission or by any prosecutor in that commission.

CHARGE 3.—ILLEGAL INVESTMENT OF FORESTERS' TRUST FUNDS.

The third finding or statement is that Mr. Foster was investing Foresters' trust funds unrestrained by legal conditions. Now, Sir, what are the facts of the case in respect to that? I want to make as clear as I possibly can two facts: First that the Union Trust Company was an entity formed under charter from the Ontario Government with certain rights and certain powers, and then that I was not responsible for forming the Union Trust Company, I had nothing to do in conceiving the plan, I had nothing to do with putting the idea into its first form. After certain persons had decided

to form a trust company and had decided as to what kind of a trust company was to be formed, I was asked to take charge of it. I did take charge of it and, to a certain extent, I gave my advice and my suggestions as to its directorate and as to the way it should be carried out. But this is the point, that, with the formation of the trust company, or with the investments therein of the Foresters I had no responsibility, I was not at the inception of the company and I was simply called in afterwards to manage the company which had been determined on before I was asked to manage it.

MR. FOSTER WAS NOT TRUSTEE FOR FORESTERS.

Now, the Commission and the party press, following the lead of the Commission, and my assailants, following the lead of both, are fond of constantly saying that Mr. Foster, as manager of the Union Trust Company, was administering the trust funds of the Foresters insurance organization. Mr. Foster had no part or lot, no power nor influence in the slightest degree in making the investments of the trust funds of the Foresters. Who were the trustees of the Foresters? Who held their surplus? Who made their investments? The Supreme Court of the Foresters and no one else. Who formed the Union Trust Company, who took stock in the Union Trust Company, who called it into being and made it vital by buying its stock? The Supreme Court of the Independent Order of Foresters and no one else. Does the quality of the trust inhere in the coin itself or does it attach itself to the trustees who administer the trust? Is it necessary to repeat that question? I have paused to give it emphasis. There is your gold dollar in the hands of the trustee for that. It is a gold dollar of a certain degree of fineness and weight. When the trustee has exercised his right of trusteeship and has put it into an investment it is a gold dollar of exactly the same fineness and weight, but the man who has it then is bound by no trust. It is his own money; he uses it as he pleases. Have I made that clear? Let me try to make it even more clear. What I want to say is exactly this, that the trustee funds of the Foresters were in the hands of the trustees for the Foresters, namely, the Supreme Court of the Foresters organization. When they looked at those trust funds and made up their minds to invest them, as they had a perfect legal right to do in the stock of a trust company, that is when the trust responsibility was decided. There is where the responsibility lay and there is where it lies to this day. It was up to them to say whether the stock of a trust company was a proper investment for trust funds. They took that into consideration, they decided that it was, they made the investment, and theirs is the responsibility and not mine.

THEY WERE UNION TRUST COMPANY FUNDS.

After they made that investment I was handling Union Trust Company funds under the charter and laws governing trust companies in Ontario and

nothing more. The hon. member for Carleton, N.B. (Mr. Carvell), argued on this assumption that if a man had a trust fund and was responsible for its investment, if he loaned \$5,000 from that trust fund to John Jones and John Jones put it into a general produce business, having given his security therefor, to the trustee who loaned him the money, if John Jones undertook to buy cattle or groceries and to sell and buy in these respects, the hon. member for Carleton, N.B., could come to him and say: "Mr. Jones, let me have a word with you. "Yes." "I believe you are buying cattle and produce?" "I am." "Where did you get the money for that?" "I borrowed it from so and so." "Ah, but," says the hon. member for Carleton, N.B., "don't you know that it was trust money and that by the laws of investment you cannot buy cattle and produce and buy and sell indiscriminately with trust funds; I will have you up before Parliament, sir; I will have you impeached for using trust funds that could not be so invested. Am I wrong or right in that parallel? Again, I bought for the Foresters, under instructions, 3,500 shares of bank stock, paying for them at a certain rate, the investment running up to about half a million dollars. The Foresters put their money into bank stock, the bank took their money and delivered to the Foresters their certificates. Did the Foresters ever think of going to the bank and saying, or would the hon. member for Carleton, N.B., go to the bank and say: What money is this you are using? The money that we got from the Foresters and for which we delivered our bank stock.

AN ABSURD POSITION.

Ah, says the member, that will not save you; you must remember that this was trust money and that I have the right to go into your bank and follow that trust money up to its latest distribution in the interests of the Foresters. But, my dear man, says the bank manager, a lot of that money has gone to England and is being used there; a lot of that has gone to Australia and is being used there. Never mind, says Mr. Carvell, it is all trust money, I want your bank books; I want all your documents; I want to hale you before the Commission; I want to know to the last cent where that money has gone and how it has been used. Could anything be more absurd than that? Mr. Chairman that is absolutely the position that the Commission took and that the prosecutor of the Commission took. It was in vain that I raised my feeble voice to point out to them that that was a principle that could not be admitted. One looked at the other, the stronger gained and I was told that it was none of my business, and that they would follow it to the last item of distribution. Therefore, what I said at first I repeat again, that it is absolutely a misrepresentation to represent me as investing the trust funds of the Foresters so far as respects the amount of money they put into the stock of the Union Trust Company, and it makes no difference whether they put all of it in or a quarter of it in or any proportion of it in—absolutely makes no difference at all. Is it legal for the Foresters to invest their money

in stock of a loan company? The law gives them that right. They have a perfect right to do it. They did do it, but the moment it got thus into the trust company it becomes money which is under the laws of the loan and trust companies, and which is to be administered under those laws.

TRUSTEES KNEW AND AUTHORIZED.

Now, there has been a great deal said about my powers of leading people on—a sort of slick deception that I sometimes practice. Don't let the member for Carleton (Mr. Carvell) try to get back from his position, on the ground that I led the Foresters to believe that the money they so invested in this trust company would be invested as trust funds of the Foresters, and not as capital money of the Union Trust Company. The two representatives of the Supreme Council of the Foresters who had much to do, and in one way most to do, with the inception of the Union Trust Company, were the Supreme Chief Ranger and Mr. Stevenson, who was the Supreme Chief Councillor. When I was called to take charge of the trust company, was it supposed by these gentlemen that the moneys they invested in the Union Trust Company on capital account were to be invested by me or the directors as trust funds of the Foresters? Not at all. Their evidence is plain. They made their sworn statement, and the sworn statement of these gentlemen is that they knew well; they contemplated it from the first; it was their purpose in forming the Union Trust Company, that the investments should be of two kinds. The capital they put into it should be invested under the laws of the Trust and Loan Companies of the country for general investment; whilst their own surplus funds that they gave to us under a different category should be invested according to the investment conditions of the Independent Order of Foresters themselves.

DR. ORONHYATEKHA'S TESTIMONY.

Doctor Oronhyatekha, at page 2318, says:

Q. Was it in contemplation then that the public should come in and be owners of capital stock in the Union Trust Company?—A. Surely, it was a regular commercial company.

Q. When did that idea die out, because that never happened, did it?—A. No, when we got hold of the company and found it was a big thing there would be no sense to hand it to you or anybody else.

Then at page 2325:

Q. Unless the Union Trust Company are precisely the same as the Foresters in their powers—and you do not suggest that they are?—A. Or rather the Union Trust Company powers were not limited as the powers of the Foresters.

Q. That is what I mean.—A. That is correct.

By Mr. Shepley:

Q. And when you have been discussing investments to be made by the Union Trust Company out of its own moneys, you have never made the Insurance Act the basis of your discussion?—A. Oh, no, just the laws which created the Union Trust

Company were the laws, I should think, to be consulted when we were about to make an investment. Is it in accordance with these powers.

Then the question goes on:

Well, then, of course you see, speaking broadly and not wanting to carry the question beyond just a broad statement; you see, of course, that you have put your money into the Union Trust Company where it may go into channels of investment not authorized by your own statute?—A. (By Doctor Oronhyatekha) Oh, surely.

And so it goes on, and that indicates the position with reference to this matter taken by the then head of the Order, Dr. Oronhyatekha. Now, as to Mr. Stevenson, I quote from page 2358:

MR. STEVENSON SAYS THE SAME.

By Mr. Shepley:

Q. What class or classes of investment would be in your mind as the probable investments the Union Trust Company would be expected to make of all these funds?—A. Of course the funds of the Order entrusted to them for investment had to be either in mortgage securities, deposits in bank, or a certain class of stocks that are authorized by the Insurance Act, as I understand it.

This is to be for the surplus outside of what they put into capital. Then he goes on:

As to the capital of the Union Trust Company, we were advised that that might have a broader scope of investment. For instance, the Foresters could not invest in real estate except to a certain amount, which amount had already been invested. We were advised under the charter of the Union Trust Company that it was legal and proper to invest in or upon security of real estate; in other words, that the powers of the Trust Company with regard to investments were broader than the powers of the Foresters or of any insurance society.

By Mr. Shepley:

Q. Well, was the fact that in that way a very large sum of money belonging to the Foresters would be able to get into a broader current of investments—was that fact at all an element in the consideration of the formation of the company?—A. It was not in my mind. I was aware that subsequently it did take a broader form, but at the outset I gave that no consideration and attached no importance to it.

Q. Do you suppose that, having a right to invest in the stock of the Union Trust Company, that what the Union Trust Company might do with that capital stock, after they got it, was a matter that did not concern you?—A. No, it did concern me, but I understand that they would have the same powers of investment that any trust company would have, and that its capital contributed by the Foresters could be invested the same as the capital of the National Trust Company or any of the other trust companies of the city.

I have thought it necessary in order to be clear upon that that I should read not only what was the law itself, but what was the express and well understood meaning that the Foresters themselves attached to it when they undertook to form the Union Trust Company.

Now, here is the charter of the Union Trust Company, and among other things the charter gives that company the right:

To invest any moneys forming part of the company's capital, or reserve, or

accumulated profits, in, or on the security of, such real or personal property as the directors may from time to time deem expedient, and also to accept covenants, bonds or guarantees by way of collateral security for any such investment.

So much, therefore, with reference to the money that the Foresters invested in the capital of the trust company, and which was invested as I have stated.

. AS TO THE FORESTERS' SURPLUS.

There was another branch of the investment business. The Foresters, as they had a perfect right to do, entered into a contract (I hold a copy of that contract in my hand) by which over and above their investment in the capital of the trust company, they proposed to make the Union Trust Company the machinery of the investment of its surplus funds, such as it wished to invest. Now, that whole document in a few words is simply this. They bind themselves by this agreement with the Union Trust Company to allow the Union Trust Company to invest such surplus as they put into their hands in such securities as are allowable to Foresters' investments and to Foresters' investments only, for which we are to pay them four per cent., and we—that is, the Trust Company—are to have all the profits over and above the four per cent. That is the guaranteed investment.

A CHALLENGE.

Now, sir, I make again the challenge which I made before. There are the two kinds of investments that the Trust Company made—one, of the Foresters' surplus upon Foresters' securities; the other, of the capital stock upon such securities as are permitted to loan and trust companies; and I again challenge any man to point out any investment in any security which contravened the conditions of either the one or the other. Now, sir, let me once more ask the question: If the Union Trust Company directors and their manager went on and invested their capital and other moneys as they were authorized to do by the laws of the land, who is responsible? The directors of the Union Trust Company or the manager? No, sir. If there was anything wrong about it, if any trust has been violated, the wrong was done and the trust violated by the men who held the Foresters' securities and who invested them in the capital of the Union Trust Company. But, sir, they had a perfect legal right to do it. There is a law that governs them and allows them to do it. They did not step one iota beyond the powers which the laws of the country gave them. Theirs was a legal investment. Now, let no man hereafter, within the sound of my voice, arraign me before the bar of public opinion, or before this House, for investing the capital moneys of the Union Trust Company in securities allowed by the law, on the plea that they were Foresters' trust funds, and that I had no right to invest them in such securities.

CHARGE 4.—THAT MR. FOSTER DIVERTED TRUST MONEY TO HIMSELF.

Again, the whole gist of the report, the whole inferential charge of the prosecutor before the commission, goes to establish against me this charge, which was formulated so baldly, not to say boldly, by the member for Labelle (Mr. Bourassa) the other day. He said:

On the one hand, the hon. gentleman is accused by the commissioners of having formed this syndicate in order to take the trust funds of which he was manager and loan them to himself as a member of the syndicate; secondly, that he has received a commission either from the party that gave him the money to be held in trust, or from the syndicate of which he was a member. This is the summing up by the Commission.

Now, put in my own words, the finding of the Commission is this: That Mr. Foster violated a trust in the Montague lands transaction, and diverted certain sums of money from the Union Trust funds, he being manager of the same, into his own pocket and for his own advantage. The member for Labelle puts it in other words, but it is about to the same effect.

Now, will the House listen to me while I give a plain statement of that transaction? In March, 1902, the Supreme Court of the Order of Foresters, Dr. Oronhyatekha, its Supreme Chief Ranger, and Mr. McGillivray, its Chief Secretary, who were the custodians of the trust funds of the Foresters, loaned out of the trust funds of the Foresters to themselves and Dr. Montague, Deputy Supreme Chief Ranger, the sum of \$133,000, on interest at 5 per cent., on certain lands bought or to be bought by Dr. Montague, to be carried and afterwards sold, for the benefit of the three persons named and myself, whom they invited to come in and be one of the four. Now, as I said before, I will take my own responsibilities, but I will take no other man's, if it is to my hurt. I was not a member of the Foresters' Supreme Court; I was not a member of the Foresters in any way—had nothing to do with their moneys, nothing to do with their investments. In that matter I was simply invited to form one of four to borrow \$133,000 from the Foresters' funds, and it was loaned on the conditions of the mortgage upon the land. I again do not want to take from myself any blame that might attach; I want simply to state the case so far as that money was concerned. I had a perfect right to borrow it if I could. I was not a Forester; I was not a member of their Court; I had nothing to do with the loaning of the money; I had nothing to do with their trust funds. As an individual outside of them entirely, I went in with the other three, and the loan was made by those gentlemen to that syndicate of four. So that when the member for Labelle translates the finding of the Commission into the words that I took Union Trust Company moneys and formed a syndicate, of which I was one, and loaned moneys to that syndicate, and took a commission therefrom, that is a statement of the case as foreign to the reality as it could possibly well be.

A HOLDING TRUST ONLY.

Note this. From March, 1902, down to May 1, 1903, that business went on entirely outside the Trust Company. Land was being managed; Dr. Montague was the trustee—a trustee to hold the conveyances, hold the titles and securities and make re-conveyances as the lands were sold. About that time, owing to Dr. Montague being around and about the country, away often from where we could all get together, I myself made the proposal that instead of having Dr. Montague hold these lands and their titles, there should be substituted the Union Trust Company, which should take his place in that respect, and in that respect alone, namely as a holding trustee to hold the securities and the lands and make re-conveyances according as we sold them out. That was done, and what has been cited as a trust, a trust which covered a multiplicity of duties or obligations, was a trust in one particular, and one alone, namely, to hold the security and the titles and to convey the lands as the syndicate sold them out. The Union Trust Company was the depository of no money. It had no right to buy or to sell. It had no duty to keep accounts. It had nothing to do except simply to take the place of Dr. Montague and hold the titles to these lands and re-convey them to persons who bought them, according to the instructions of the syndicate and not of the Union Trust Company. Therefore, if hon. gentlemen have followed me, they will see that this was not a complete trust, not a trust involving money transactions, buying and selling or anything of that kind. It was simply a holding trust. That document is here. It was in Mr. Shepley's hands. It was read in evidence. It was placed before Judge MacTavish and is in the exhibits to-day, and I challenge the attention of hon. gentlemen to it. From March, 1902, up to May and after May, 1903, when this change took place, that syndicate of four were still buying lands, and I became to a certain extent the mouthpiece or the negotiator for that syndicate in negotiating for the purchase of lands.

TRUST COMPANY HAD NO INTEREST.

The Union Trust Company had nothing under the sun to do with it. The Union Trust Company had no power at all over it. That syndicate managed these later negotiations through myself. We were in contact the one with the other, looking over the land, deciding what we would give and the terms, and coming to our own conclusions. So what happened? Forty-four thousand acres were bought before the Union Trust Company, even in that capacity, had anything to do with the syndicate. Some 60,000 or 70,000 were bought after that. The Union Trust Company became the holding trust in the place of Dr. Montague for the first 44,000 acres. The others that we bought were destined to be put in the same holding trust. Instead of myself or Dr. Montague buying those lands and having the titles made out to us and we then reassigning to the Union Trust Company, both operations were done in one, and the Union Trust Company bought in trust for that

syndicate and at the direction of that syndicate. That is the whole case as regards that trust. That syndicate had the right to carry on its business as it pleased. High and mighty though Mr. Shepley may be, and upon a pedestal as that Commission may be, and with due deference to both of them, that syndicate of four had the right to carry on its business as it pleased. It did carry on its business, and in the course of its operations on two occasions, in the negotiation for land, came to the point where the vendor and the syndicate were at points or nearly so with reference to the price. But we did not take the lands until the agent of the vendor said to us: Take them at the price at which I am authorized to sell them, but I get a commission of so much and I will give you one-half of that commission if you take the lands.

SYNDICATE MADE THEIR OWN ARRANGEMENT WITH VENDOR'S AGENT.

We, the syndicate, came together, discussed the matter, and decided to take the lands under that condition. On the first transaction \$10,000 was the agent's commission. He offered the half and we took the \$5,000. I took it, said the hon. member for Carleton (Mr. Carvell). I put it (he says) into my own pocket. I took it, say the Commission in certain parts of its evidence and report. Why could they not be honest and fair, both of them, and say that the Commission was taken by the syndicate managing its own affairs. Now, note this. Who were that syndicate? They were Dr. Oronhyatekha, Mr. McGillivray, Dr. Montague and myself. The lenders were in that syndicate and so were the borrowers. Both agreed to the taking of half the commission from the agent. Say it was taking profits prospectively. You may say whatever you like. I have given the facts and the whole facts of the case. But with a devilish ingenuity, just as skilful as it is devilish, that Commission put on the records of this House, to stay there forever, that I took that commission, and then follows it up with these words: "He says he divided it among the members of the syndicate." That is the statement of these unprejudiced and manly men who had the books before them, who knew that the other three members of the syndicate got their share, and yet the best they dare, consonant with instructions, and the worst they dare—brave men that they are—is to say practically that I pocketed it and that I said I divided it with the others.

THEIR UNDOUBTED RIGHT.

Now, look at another thing. That syndicate had earned money and had turned it into the funds—\$10,000 at one time. They had paid their interest up to that day; they had received nothing for their management or anything of that kind; they proposed to take, and they did take, that rebate of the agent's commission as prospective profits. Characterize it as you like, that is all there is to it.

The second transaction—for I am not going behind anything—was a transaction on exactly the same basis and agreed to exactly in the same way. Other transactions had taken place between the members of the syndicate, which it is no man's business to know. Payments had been made to some members of the syndicate, and I, as a receiver of the second commission, refused to distribute it until we had an adjustment of accounts. My hon. friend from Carleton makes the query: When will this be adjusted? How is it going to be adjusted? Will it ever be adjusted? If it were parliamentary, I would tell him it was none of his business.

WHY THIS DIFFERENCE?

Now, what the Commission had the right to do—I ask your attention to this, Mr. Chairman, and the attention of every hon. member—was to criticize the officers of the Supreme Court of the Independent Order of Foresters, who lent that money to themselves and to me, who bought 44,000 acres of land before I knew anything about it. Will you believe it, Mr. Chairman, and will the members of this House believe it? You may look through the whole record of the evidence and you will not find that the virtuous Mr. Shepley and the highly honorable Commission made one single inquiry into the purchase of that 44,000 acres of land—whom it was bought from, how much was paid for it—whether it was bought from the Canadian Pacific Railway, from the Great Northern or from what other source—what letters passed or whether there were any commissions paid—and all the rest of it. Why, they were perfectly agreed that there should not be a word of investigation, not a syllable of censure with reference to that. But, when it came to the point that the name of the Union Trust Company came in—in a document which, as Mr. Shepley knew perfectly, simply substituted the trust company for Dr. Montague—and so my name could be got at, there was no ingenuity too great, no skuth-like proceedings too keen to follow up to its remotest contingency, to its furthest point of possibility, how these lands were got, from whom they were got—whether from political friends of mine or from others—had Mr. Roblin any hand in it?—was Mr. Colin Campbell into it?—was this, that or the other friend of mine concerned? All these questions were asked. Now, query: Was the first avoided because Mr. Foster could not be implicated through the trusteeship of the Trust Co. as holder of titles? Was the second brought upon the boards because Mr. Foster could be so represented? I ask Judge MacTavish to answer that question as a man.

CHARGE 5—FOSTER TOOK A COMMISSION IN THE KAMLOOPS TRANSACTION.

Another finding of this Commission is that I accepted a bribe in the shape of a commission in the transaction of the Kamloops properties. You will find that at page 149 of the report. Now, Mr. Chairman, let me ask your attention for a moment to this matter. In the course of human events

the time came when, in the opinion of Mr. Shepley, it was proper that I should be questioned. Let me explain that I was subpoenaed on the last of August. I went to the inquiry and remained from the 5th of September until the 3rd of October. All that time these undeclared charges were being pressed against me. I asked to be heard. I was there with the information; I was the man who knew more about these matters than any other man; my oath was just as good as any other man's. I asked that I be relieved from these long hanging, undeclared charges, by being put on the stand and questioned. But Mr. Shepley was not ready. The train was not sufficiently laid; the bomb was not quite ready to explode. And so I could not be put upon the witness stand, and was not put upon the witness stand until the 3rd day of October.

ASKED IN VAIN TO BE CALLED.

On the 1st of October I rose before that Commission and made a most earnest appeal against the cruelty of being hung up between heaven and earth while these insinuations were being spread abroad, and when the time was hanging on the hands of the Commission. Mr. Shepley said: No, we cannot take you this afternoon. I pleaded with the chairman of the Commission. Mr. Shepley looked up at the chairman of the Commission and said: "You know, judge, we have not been able to get those bank books yet." And Judge MacTavish nodded willing assent, and solaced me by saying: "You know, Mr. Foster, now that you have made this protest, the public will think there are two sides to the question." That was, indeed, a great solace and comfort to me. What were the bank books that were necessary? What had I to do, what had my oath, my evidence to do with the bank books? Let them call me—I was there to be called. I was there to give them, on my oath, the facts of the case—as I did after the bomb had been prepared and the train had been fairly well laid. I was put on my oath, and, in course of my evidence I was asked this question: Did you receive any commission from Mr. Fowler in the Kamloops transaction which induced you in any way to put that transaction through? Was there any commission? I gave them my sworn denial. Meanwhile, Mr. Fowler's bank book had been stripped by that Commission out of the guardianship of the bank, and every one of his private disbursements, even to that for a present he had made to his wife, was paraded before that Commission and paraded before the country.

A SHAMELESS PROCEEDING.

And all this was done in the absence of Mr. Fowler and without asking his leave; without saying to him, even: Mr. Fowler, the Commission would like to see your bank book—have you any objection? Mr. Fowler, if asked that question, would at once have said: Gentlemen, you may see my bank book, but I have private business there as well as other business, and you

will please not communicate my private business to the public. That is the way they do these things in England. Will any man say they ever go beyond that in England? Is a man's business to be ruthlessly torn up and his bank accounts publicly paraded because three men are given the name of a Royal Commission and given certain powers which they speedily prepare to overstep in this star-chamber way? Well, sir, when they got that bank book there was great rejoicing in the camp on two accounts. I cannot divulge the source of my information, but I know that a correct and well modulated yell of triumph went up from the prosecutor and his associates, when two items in that bank book met their eyes: One a check from Mr. Fowler to myself for \$2,500 and the other a check from Mr. Fowler to the leader of the Opposition (Mr. R. L. Borden) for \$100, or something like that. They were all cock-a-whoop! Now we have got them! And my counsel was telephoned to in a flustered voice: Something of great importance has happened, come down at once. We went down. I was asked the question: Did you receive that cheque for \$2,500 from Mr. Fowler? I did. I explained it, I explained it to the Commissioners. I explained it as a part of my private business. I was stripped, sir. Will you believe it? I was stripped absolutely bare as to my financial standing by Mr. Shepley in the eyes of Canada and before that Commission.

AN UNAUTHORIZED INVESTIGATION.

I have been 22 years in public life in this country. I have stolen nothing; I have made no use of my opportunities to amass a fortune. To-day I stand before this Parliament and this country under bare poles. I am not ashamed to say so, but God forbid that any prosecuting attorney, in the King's name, should make me a financial spectacle before this country through a Commission appointed to ask some questions with reference to insurance. Some one in the reporters' gallery said that my voice grew tense when I approached this subject. I do not wish to conceal that it does. I never had an experience like this before in my life. All that I have is the ability that God gave me, my power to work, my character and my reputation, and, sir, I will fight to the last ditch before I will let anybody rob me of those. Pressed by Mr. Shepley I gave a portion of my private business and then said, when he pressed still further: Your Honor, this is private business, I do not think I ought to be asked this question here. I have given you my oath, but if you Commissioners want to know the ins and outs of this whole thing I will spread it before you. Judge MacTavish said: That will be quite satisfactory. From that day to this they never asked me to spread anything before them. There was my sworn denial, there was my testimony, there was that action. Do you believe it, sir, that Commission never called another witness as to whether I took a bribe by way of commission or not, and yet let me read from page 149 of the report:

CONTEMPTIBLE SLANDER AND MISREPRESENTATION.

On February 8, 1904, the dealing with the Union Trust Company was reduced into conveyancing. The main agreement of that date, by which Fowler conveys the property to Foster in trust, and which declares the trust to be, to the extent of forty-nine per cent., for Fowler, Irwin and McCormick, and to the extent of fifty-one per cent. for the Trust Company, recites most carefully that Fowler, Irwin and McCormick contemplate purchasing and desire to negotiate for the property, and have applied to the Trust Company to join them in the purchase; that in pursuance thereof the agreement of January 26, with Ryan, was entered into by Fowler; and that it is now necessary to procure and pay to Ryan his purchase money accordingly.

Now mark this:

Following this, \$225,000 was paid to Ryan by the Trust Company. By the real arrangement between him and Fowler he was only entitled to retain \$170,000, and he paid over the remaining \$55,000, or the greater part of it, to Fowler.

Now comes the judgment of the Commissioners, the finding of a Royal Commission with the King's name stamped on it:

Out of these moneys Fowler paid Foster at least \$2,500 and probably about \$7,000. Mr. Fowler's evidence, pages 3102, 3103, 3104. Mr. Foster's evidence, pages 2536, 2537.

That is all there is to it. What do you get? We get what is there. Has one of you seen the evidence and read it? No, sir.

THE FACTS BURIED.

Now, if the members of Parliament have not seen that evidence and have not read it, what will be thought of it by the man in London, a friend of mine, knowing me as the former Finance Minister of this country, who gets that report sent to him and reads that I took \$2,500 to \$7,000 out of a commission? Will he ever see the evidence? It might as well be hidden in Hades so far as he is concerned. The man on the street does not dig into the evidence. Look at the abandoned maliciousness of a finding like that. In that judgment I am condemned before the country and the world for taking a commission upon business I was transacting for the Union Trust Company; it is stated that I did it, and the evidence given in contradiction is carefully kept out of the report and hidden away in the archives of this country. Twenty-five years from this when my dust has mingled with mother earth, some political slanderer arises in this House and in reply to a member from the Opposition says to him: You vaunt yourselves about your men and your leaders, your coadjutors; read the report of the Royal Commission. There was one of your trusted men reported by a Royal Commission as taking a bribe in carrying on his trust company business. I am not near to meet my traducer, and years afterwards it is the same, and forever down the rolling years of the history of Canada, that damnable record is there, full of falsity, to the utter abandonment of all sense of honor and all truth and all manly dealing, man to man. I ask Judge MacTavish how he dared put such a malicious finding in his report?

Take page 133 of this report. Page 133 in one sentence sums up what is the designed effort of the prosecutor and the designed object of the Commission. It had been declared that the Union Trust Company was formed for speculative purposes and after having iterated that and reiterated it, the Commission says:

The purpose was then undoubtedly to embark in active speculation.

What did Judge MacTavish mean by that? What did the man who wrote that report mean by that? What did the prosecutor before that Commission mean by that? Again I throw out my challenge in his teeth: show me the investment that was made by the Union Trust Company of its capital funds in anything else than what was authorized by the laws of the land. What right have you to call it a speculation? It is the same as every trust company invests in, the same as every loan company invests in; only that and nothing more. Yet, it is paraded through the pages of that report that it is speculative, that it was meant to be speculative from the first and embarked in because of that ruling idea. Then they go on to say that I speculated or invested in land, invested in timber properties and invested in real estate. In Heaven's name, what do trust companies invest in if they do not invest in these? What do large banks invest in if they do not invest in these? Go down to the Bank of Montreal, ask its manager to open to you its page of investments and you will find that nine-tenths of the investments of the bank are investments in land, in business, in lumbering operations, in milling operations and in company operations. Yet, that is all speculation. Ours was speculation. Loan a thousand dollars on a farm in the North-West, taking 50 per cent. of the valuation, it is speculation. The risk may prove to be a bad moral risk, there may be three or four bad seasons in the West, the man may neglect his business, you may lose your whole investment; it is a speculation and nothing more. So, sir, Mr. Shepley shapes the report to brand me and to brand the Union Trust Company with speculation, whilst the evidence before his own Commission shows that we are making exactly the same investments as other trust companies and that they are legal investments.

CHARGE 7.—MR. FOSTER DIVERTED TRUST FUNDS WITHOUT FULL DISCLOSURE.

Now, sir, I come to one of the most talked-about charges, and that is that Mr. Foster took trust funds, diverted them to loans to himself, or in his own interests in the case of the Great West Lands Company, without disclosing the facts to his directors. That statement was made by the hon. member for Labelle (Mr. Bourassa) not on his own responsibility, but collated or read from the report of this commission. What are the facts in reference to that? I will give them to you just as briefly as I possibly can. Messrs. Pope and Fowler and some friends of theirs, some time or other,

became possessed of an option on lands in the North-west. They purchased those at \$3.50 per acre. Let me here say that one of the undeclared charges against me which Mr. Shepley followed up like a sleuth hound was that I had an anterior interest in these lands of Messrs. Pope and Fowler and others which were sold to me. I denied that on oath. There is no truth in it. I knew nothing of it, never knew that they were buying lands, never knew that they were buying other lands, knew nothing about it at all until the proposition was brought to some of us in Toronto. That was an undeclared charge. If Mr. Shepley had been proceeding in a court of law he would have had to specify and declare that charge, and he would have sought his conviction by proper legal methods, but he sought it in an underhand way. I gave my denial to it on oath. I repeat that denial here to-day. They brought this option to the city of Toronto and after certain negotiations had taken place with others they came down to a negotiation with a number of gentlemen with whom I myself, Mr. McGillivray and Mr. Matthew Wilson were associated.

THE TRUE HISTORY.

To make a long story short, Mr. Wilson, Mr. McGillivray and myself bought an option from these gentlemen paying them \$1.50 per acre, an advance to them of \$1.00 per acre. When we had secured that option, Mr. McGillivray, Mr. Wilson and myself turned around and sold it to the Great West Lands Company for an advance of 50 cents per acre payable in stock. Please keep that in mind. No one dollar of profit went into the hands of Mr. McGillivray, Mr. Wilson and myself. Our advance was all paid in stock and we would get it or would be paid it after every other obligation of the company was absolved and paid off. Although the finding of the Commission misrepresents it, the evidence shows conclusively that at the time Mr. McGillivray, Mr. Wilson and myself bought that option and made a sale of it to the Great West Lands Company, there was no thought of taking that to the Union Trust Company of which we three were directors. Our advance in stock amounted to \$95,000. We said: We have to take about half of that to help us to finance this transaction through; we believe it is a good transaction; we believe that money will be made out of it, and we believe that by giving a bonus of stock we can get capitalists to advance us money for three years. That is all we need. In the course of the negotiations I simply took this position: Let us take this to the Union Trust Company of which I am the managing director and you two gentlemen are directors. Let us allow the Union Trust Company to have this proposition if they choose to take it before we offer it to any other company or capitalists. Up to this time who finds fault with me? Had Mr. Fowler and the others not the right to buy property in the North-West Territories? Had they not the right to sell it at an advance? Had Mr. McGillivray, Mr. Wilson and myself not the right to buy property? Had we not the right to

sell it again at an advance? Where is the law against it? Where is the ethical, where is there any objection to a course of that kind?

SUBMITTED TO AND CONSIDERED BY THE DIRECTORS.

Now, sir, having gone that far, we wanted to raise money in order to finance the transaction partly by money raised and partly by the sale of stock until we could get into the sale of land and thereby recoup ourselves and and carry the operation along. I proposed that we should take the proposition to the Union Trust Company. We took it to the Union Trust Company, and the Union Trust Company directors took it into consideration and thought it all over, these directors being in part Foresters, viz.:—Dr. Oronhyatekha, myself, Mr. Wilson, Mr. McGillivray, Judge Boyd, Col. Davidson and Mr. Stevenson. We took that to the directors of the Union Trust Company and they talked it all over time after time. At last the conclusion come to by the directors was this: if we can legally do it, we will go into this transaction and loan your company the money that you require. What were the terms? We were to pay six per cent. for the money, we were to mortgage all our assets as a security; we were to give them in addition a bonus of the 237½ shares of stock. These were the terms. After looking it all over the Foresters' representation on the board, as well as the board outside of that, agreed to the proposition provided it was within the legal competence of the company to do so. That question was left to Judge Boyd, and Judge Boyd is a careful lawyer and a judge of wide reputation. This is the opinion that Sir John Boyd gave as to the legality of the matter. I quote from his evidence before the Commission:

PRONOUNCED LEGAL BY JUDGE BOYD.

The only opinion I expressed was that it was competent for the Union Trust Company to enter into that in point of law, that being an outside syndicate which had acquired what they thought a valuable asset and presented it for the consideration of the Trust Company as a thing to be gone into jointly. I said there was no objection I could see in point of law, as it was a matter initiated outside the company and brought to them for consideration. That is the sum total of my expression as to the law, and all I think I was asked for.

Now, sir, when Judge Boyd gave us his opinion as to its legality, then the documents were put through and the loan was arranged for, as I have stated, we, giving the bonus from our stock (that is the three of us) of 237½ shares, and 100 shares were put in Doctor Oronhyatekha's hands, on the Trust Company agreeing to advance us the money at six per cent. and to have the option of taking stock for the part or the whole of their advance as and when they deemed fit. Now, sir, I was told the other night that they had no security from that time until November, 1905. I denied it then, I deny it now. The member for Carleton declared that they had no lien or security from that time until November 28, 1905.

AMPLE SECURITY.

The very first document, the basis of the whole where the transaction is set forth, gives the Union Trust Company a lien on every acre of these

lands and on every dollar of our assets. When the change was made in 1904, and they took their stock, the instrument drawn up at that time continued that lien upon every acre of our lands and upon every dollar of our assets for any advances they had made, and on November 28, 1905, the last document did the same.

Now, I am not a lawyer; there may be a quibble possible on this—the lands that we had and gave as security in 1903 were lands, the title of which resided in the Canadian Pacific Railway. We gave a lien and an agreement to mortgage. I am told that this is in every respect equal to a mortgage so long as the title is still in the hands of the original vendor, and nobody else can register a claim with reference to it. Now, sir, I will read that, and whilst I am reading it let me dispose of another story.

ALL THE FACTS WERE DISCLOSED.

This Commission says—and they do it again in an underhand way—that that whole transaction took place and the minutes do not disclose the relations of Mr. Foster, Mr. McGillivray and Mr. Wilson with reference to this transaction. The minutes did not, on the face of the minutes, but the document referred to in the minutes and which was the basis of the minutes is the document I hold in my hands; and I brand as false, I brand as a lie, either deliberate or unintentional, the statement from whomsoever it may come, that that transaction was entered into without a disclosure of the position of Mr. Foster, Mr. McGillivray and Mr. Wilson with reference to it. That document bears date the 22nd of June, 1903. There it is. All the parties to it are set out in it. Who are the parties?

The Hon. George E. Foster, Lieut.-Col. John A. McGillivray, and Mathew Wilson, K.C., hereinafter called the owners—of the first part.

There we are at the very head of that document. The owners. The owners of what? The owners of that property and of that stock as appears in the body of the document.

The Union Trust Company, hereinafter called the banker, of the second part; and Doctor Oronhyatekha, Sir John A. Boyd, Hon. Robert Rogers, George Percival Schofield, and the said Foster, McGillivray and Wilson, hereinafter called the shareholders, of the third part; and the New Ontario Farm and Townsite Syndicate, Limited, hereinafter called the company, of the fourth part.

And this last became the Great West Land Company by a change of name. There are the four parties to this agreement. Every particular with reference to the ownership, and the rights, and the distribution of stock, and the mortgage, to be given, and the interest to be paid, is set out in that document. There is a list of the whole thousand shares of stock that belonged to Messrs. Foster, McGillivray and Wilson, and there is the disposal of it, to whom it is to go, down to the smallest and most minute particular. And yet they tell us that the conditions were not disclosed. I venture to say that no document could be found which so explicitly states the

conditions signed by the parties themselves and executed, as that document does.

DETAILS OF THE LIEN.

Let us see about this lien business—and this to my hon. friend from Carleton:

First. That the said options and agreements (the dates of which are hereinbefore given), and all the right, title and interest of the owners therein, and in the lands therein mentioned, shall be assigned and conveyed by the owners, and the owners do hereby grant, assign and convey the same, to the company for the consideration to be given as hereinafter set forth.

2. That the company has agreed with each and all of the other parties hereto as a consideration therefor to make all payments required by said options and agreements, and to pay all disbursements and expenses of the owners in respect to the procuring of said options and agreements, and this agreement and to complete the purchase of said lands and to procure title thereto, and to allot or procure to be allotted fully paid-up and non-assessable shares or stock in the company in the amounts or proportions and to the parties, following: That is to say, to the owners (Foster, McGillivray and Wilson), 445 shares of stock—

And yet they say it was not disclosed:

EVERYTHING STATED.

—to Lieut.-Col. John A. McGillivray, 10 shares; to the Hon. George E. Foster, 17½ shares; to Mathew Wilson, 10 shares; to the banker, 237½ shares; to Dr. Oronhyatekha, 100 shares; to Sir John A. Boyd, 10 shares; Hon. Robert Rogers, 10 shares; George P. Schofield, 10 shares; George Alexander Shaw, James Peter Murray, John Hogg Kydd, Whitford Vandusen, Henry Johnstone Dale and Wilfrid Servington Dinnick, 100 shares; Rufus Henry Pope and George W. Fowler, 50 shares.

That is all of the stock that belonged to Wilson, MacGillivray and Foster allotted by that document, which was proceeded upon by the Union Trust Company and properly and fully endorsed and executed. Now listen:

That the bank account of the company shall be kept with the banker (that is, the Union Trust Company) and all moneys required for the purposes aforesaid shall be borrowed from the banker and lent by the banker to the company at such reasonable current rates as the banker may demand, and the company shall give, grant and convey to the banker from time to time as security therefor and for the company's general bank account, the whole assets of the company, including the said options and agreements, and lands or rights therein mentioned, and the unpaid calls on stock now or hereafter issued, and the whole liability to the company of shareholders in the company for amounts unpaid or payable upon shares of stock in the company or otherwise as may be from time to time required by the banker.

CHARGES EXPLODED.

Now, Sir, with reference to security, with reference to disclosure, with reference to the openness of the whole transaction, there is the document. Mr. Shepley had it; the commission had it; it is in the archives of this Parliament to-day—no, this is the very document itself, which I got from the archives; and in the face of that, the Commission publish a finding which conveys to the public the idea that this transaction was surreptitiously gone into, and that the facts were not disclosed. I could go into other particulars with reference to that, but I do not think it is necessary. That is the main point of the transaction. This went on, and after a time the Union Trust Company took its stock. Then it rued taking the stock, because it began to think that it had better have the security on the lands

and no partnership. It gave back the stock, and took a mortgage on the whole thing as it stands to-day. In the manipulation of that stock a disagreement arose as to the 237½ shares and the one hundred shares. That was a disagreement between other members of the Union Trust Company, and Messrs. Wilson, MacGillivray and myself. It was a family matter; no one had any business with it but ourselves. It did not affect the securities in the least, because the stock was back of the lands, and was of no use or value until all the liabilities for the land were discharged and the mortgages dissolved. And yet, Sir, will you believe it? that commission made an unpreferred charge against me that I had forged meetings, forged resolutions and forged documents in order to have this matter fixed up, so that certain stock should come to me and Mr. Wilson and Mr. MacGillivray, and that certain obligations should be assumed by the Union Trust Company. Do you know, sir, that in that report the whole of the transactions of the Canada Life Assurance Company, the monster life company of this country, occupies exactly three pages? Will you believe me also when I tell you that the little difference between some directors as to the real and ultimate destinations of some shares of stock takes up exactly three pages also in that report?

WAS THERE A RISK?

But they say there was a risk in this matter. Now, I am looking straight at the Minister of the Interior—he knows the North-west—and I look at the other members from the North-west provinces; and I ask them this plain question between man and man: Suppose that you had 200,000 acres of well selected lands, lying in the Saskatchewan valley, along the line of the Canadian Northern Railway, no portion of that land more than fifteen miles from a railway, the large proportion of it being within five or six miles, the railway all plotted out, the survey approved, three-quarters of the railway built and absolutely no doubt about it being built through to Edmonton; would you consider that those 200,000 acres would be good value at \$4.25 per acre? I make the assertion here, that there is no man who understands the North-west who would look upon such a block of lands as anything but a prime security for the loan that was placed upon it. Why, there was one easy solution of the matter; Mr. Shepley simply had to call for one document in the Union Trust Company; that was the report of the examiners and valuers who went over every quarter section of that land, described it, put the price upon it, certified to its correctness, and sent their report down to us as a company. If he had called for that document and brought it before the commission, he would have found that a loan of \$4.25 per acre on that valuation was a loan of not more than 50 per cent. of the value of the land. I talked the other day to a gentleman from the North-west, one of our most enterprising farmers in that district. He said to me: I know that country, I know where that land was, and when you bought that for \$4.25 an acre you were simply buying a gold dollar for half a dollar.

From all he said, there was not a shadow of doubt as to its being a secure risk, and it has worked out so that to-day not only is almost every acre of it sold, not only is the mortgage more than secured by the amount already sold and the contract running, but the Union Trust Company will get its 6 per cent. without any commission; whereas if we had loaned \$100,000 in small lots on farm property, one per cent. of this would have gone for commission and would have been an expense to the trust company. There was a loan without any commission, at six per cent., perfectly secured, and the Trust Company will have every dollar of it put back into its funds, and will get besides 237 or 337 shares of stock which will net it probably \$40,000. It has had the management of the lands at 25 cents per acre, and it will scoop up probably from \$30,000 to \$40,000 as a profit, in this way, and it has had also the management of our books and our funds. In all that transaction, not a dollar of money from the Union Trust Company went to Foster or McGillivray or Wilson.

DUAL DIRECTORSHIPS.

I made this challenge before the Commission: You say that there were dual directors there. Will you tell me the law that makes it illegal for men to sit on two boards as directors and have business transaction with each other?

Where is the law? It is legal to do it. It is authorized by the law. It is more than simply not forbidden by the law. Directors have a perfect right to sit on two boards if they choose. But, you say, complications may arise. So they may. But I challenge you to go through that transaction and point out a single instance of lack of economy, of good management, of the taking of a dollar of money or the misuse of any of the funds or anything of that kind; and if you can point that out, then censure and punish the directors according to their deserts. But nothing such can be found in all the four years of the company's work. The nine directors of that company have simply received \$180 as fees attending the meetings of the board. Not a dollar for travelling expenses, not a dollar of remuneration in any way, the funds have all been handled by the Union Trust Company, the books were kept by the Union Trust Company, the moneys paid in were paid in to the Union Trust Company, and the moneys paid out were paid out by that company. In the light of these facts, where is the righteous and proper condemnation of any action we have taken in that respect? If the Great West Land Company had surreptitiously carried its point, if we had not disclosed the situation, if we had misused the funds, if we had in any way turned them to our own advantage—but the contrary is the case. The result is that not a dollar of the Union Trust Company's money went into the pockets of those people and that in the end the Union Trust Company makes large profits thereby.

I think I have taken up all the charges. If anybody in this House has

any other charge to make, will he kindly mention it? Perhaps the hon. member for Wright (Mr. E. B. Devlin) has one.

Mr. E. B. Devlin—I think the hon. member for North Toronto (Mr. Foster) had better go on with his speech. If he thinks he has made a strong case, so much the better for him.

Mr. Foster—Then I conclude there is no charge coming from my hon. friend, and I am thankful for that. But, if I have not taken them all up, if any kind friend will pick out any more I will take them up at another time and try to dispose of them.

WHAT OUGHT TO BE DONE.

This raises the serious question which I propose to touch before taking my seat. This speech does not dispose of the Commission. It is my statement very largely with some parenthetical observations thrown in. Here is the question that faces this House. Government has formed a Commission and given it certain powers. That Commission has acted. It has taken its evidence. It has put in its report. If my statement to-day is true, have I not the right to say to this House that it is an outrage that such a report should be put in the permanent records of the country? Have I not the right to ask this House, in common honesty to me, if my statement be true, that they order that report back to that Commission for amendment—for erasures, where erasures are necessary; for statements in full where partial and concealed statements are given; for a plain statement one way or the other instead of insinuation? Do hon. members know or think what this means? If you can appoint a Royal Commission and it can travel absolutely outside of its scope and bring one person or another before it, without giving that person the right to employ counsel or legal protection of any kind; if it can compel those it summons to declare their affairs and pass judgment upon them without stating a case or giving them the opportunity to cross-examine and bring evidence in rebuttal—if this House by its action, puts the seal of its approval upon such a proceeding, what security is there for any party in a minority in this House? In common justice, sir, from man to man, have I not the right to ask this House to keep out of its records, where they otherwise will lie until the eternal doom is sounded, lies, misrepresentations, concealments of truth, improper allegations and inferences with reference to my character and standing as a business man? What right has this House to perpetrate an injustice upon any one of its members? What right has this House to ask that the public money of this country shall be voted to brand me, wrongfully and against sworn evidence, a common grafter for all time? I will fight it until I die. I shall protest against it as long as there is breath in my body, and I shall consider it a most damnable wrong against myself and the rights of any common human being that such a course of procedure should be carried out. I protest and I conclude my remarks for the present by this protest.

Speech of R. L. Borden, M.P.

Mr. R. L. Borden—Mr. Chairman, we are all at liberty to judge of the spirit of sincerity and moderation which has prompted the three hours speech to which we have just listened from the hon. Minister of Justice. The source of inspiration of the report of that Commission, so far as it concerns the member for North Toronto and some other hon. gentlemen on this side of the House, might very well be found in the speech which the Minister of Justice has just delivered. In fact, if we did not know otherwise we might well imagine, after listening to that speech, that the hon. gentleman himself had drafted the report.

Mr. Aylesworth—Mr. Chairman, I suppose my hon. friend is not serious in making that insinuation.

Mr. R. L. Borden—I say if we did not know otherwise. I admit to the full the right of the Minister of Justice, a member of this Government, to rise in his place in this committee and defend as best he may that Commission in so far as it was attacked by the member for North Toronto this afternoon. Did my hon. friend the Minister of Justice stop there? I will come to that in one moment. What do we find him with?

MR. AYLESWORTH AND HIS BRIEF

We find him standing up in this committee, with the carefully prepared brief of an advocate, for the purpose of discrediting the hon. member for North Toronto. What do we find more? In respect of one matter, that which he first brought to the attention of the committee, we find him indulging in a carefully prepared attack upon the member for North Toronto in respect to which the member for North Toronto did not attack that Commission. Yet after taking that most unusual, that most extraordinary course on the part of a gentleman occupying the place of Minister of Justice, he has the audacity in the face of this House and this country to claim sincerity and moderation. Why, Mr. Chairman, every one of us knows that if the Minister of Justice had risen for the purpose which he says prompted him to rise, he never would have uttered one word about that matter which he dealt with in the concluding portion of his speech. He knows that, and he cannot deny it, and no other gentleman on that side of the House can deny it; and yet that same brief, framed as the hon. gentleman says to justify the Commission and not to attack the hon. member for North Toronto contained an attack on the hon. member for North Toronto in a matter in respect to which that hon. member had not adverted in the slightest degree upon the report of the Commission.

Why, Mr. Chairman, the thing speaks for itself. I need not say another word beyond drawing the attention of the House to the circumstances which I have just mentioned.

THE RIGHT OF A WITNESS

He (Mr. Aylesworth), says that a person coming into court in the capacity of a witness is not entitled to counsel. But he did not think it proper to mention that a witness, called for the plaintiff or defendant in an ordinary suit of law, has the protection of the counsel in court representing the client on whose behalf he is called. Was the hon. member for North Toronto (Mr. Foster) or the hon. member for King's and Albert, N.B., (Mr. Fowler) in the exact position, before this Commission, of a witness in court? Why, the Minister of Justice (Mr. Aylesworth) knows that neither of those gentlemen was, under the practical circumstances of the case, in that capacity or position at all. They were called as witnesses before that Commission, but they were called as witnesses against whom charges were being made by the counsel appointed by this Government to carry on the work of investigation. They were called up as men against whom a charge was made and subjected to an inquisition and interrogation altogether unknown to the English law, although it is known to the laws of some other countries. They were not given the right to cross-examine by their own counsel; they were not given the right to call in witnesses for the purpose of controverting any statements made against them. They had not the right to make any investigation into the facts except so far as they might do so, through their counsel or themselves, by way of suggestion to the counsel appointed by this Government.

A DOCUMENT EXCLUDED

Why, take the case to which the Minister of Justice (Mr. Aylesworth) has alluded in the concluding portion of his remarks. Take the question of evidence, the question of disputed fact between Mr. Stevenson and Colonel Davidson on the one hand and the member for North Toronto (Mr. Foster) and Colonel McGillivray on the other. The men against whom the evidence of Mr. Stevenson and Colonel Davidson was quoted to-night by my hon. friend the Minister of Justice (Mr. Aylesworth), in his strenuous efforts to be moderate and fair, had not the right, by their counsel, to cross-examine Mr. Stevenson or Colonel Davidson upon that very evidence. They had not the right to appear by counsel and to have that cross-examination to which the meanest criminal in this country is entitled in any court of law. If they had been accorded that right they could have put into the hands of Colonel Davidson his own signature appearing upon the document which I hold in my hand, and which would

have indicated to him that his recollection with reference to those transactions could not possibly be accurate. My hon. friend from North Toronto (Mr. Foster) had not that right, under the ruling of that Commission. Yet that Commission had the most perfect power, as I understand the law, to regulate its own procedure, and it could have provided by regulation that the member for North Toronto (Mr. Foster) or the member for King's and Albert (Mr. Fowler), against whom charges were being freely made, should have the right to appear by counsel and cross-examine the witnesses in respect of those charges.

WHEN THE JUDGE WAS CONSIDERATE.

Did Judge McTavish, on another occasion, follow out the rule which he laid down in this case? He did not. That gentleman occupied the position of commissioner in the West Elgin investigation, which concerned the acts of certain gentlemen belonging to the party which my hon. friend and the Minister of Justice belongs. And in that investigation Mr. Justice McTavish was most particular to make the following provision:

All persons having charges to make against officials and persons within the scope of the Commission, or having information in their possession which is material to be known and will assist the Commissioners in their investigation, are requested to furnish the particulars thereof in writing as soon as possible to the counsel for the Crown for the purpose of enabling such counsel to prepare and produce evidence thereof before the Commission.

That was one paragraph. Here is another:

Officials and persons whose conduct and acts are the subject of inquiry and investigation by the Commissioners shall, if so advised, be entitled to be represented before the Commission by counsel, and such counsel shall be heard in respect of any matters affecting the persons so represented.

That is a striking difference between the procedure which was adopted in respect of the charges made against Mr. Fowler and Mr. Foster and the procedure which was adopted in relation to the matter to which I have just now alluded.

THE RIGHT OF DEFENCE.

My hon. friend, in the course of his remarks, said that the name of the member for East Simcoe (Mr. Bennett) had not been introduced gratuitously in the report of the Commission. He went on to say that the matters alluded to in the evidence and reported upon to some extent by the Commissioners were not matters which were of any concern to any hon. gentleman in this House or any person in this country. I shall inquire a little later on why it was, that, under those circumstances, the Commissioners ventured to enter into an inquiry regarding the purchase of lands from the Canadian Pacific Railway, which could not, by the wildest stretch of imagination, be held to be within the scope of this Commission. The hon. gentleman spoke of these Commissioners not being here to defend them-

selves. But were they so careful about the public reputation and the private reputation of men who were not before them to defend themselves? I shall come a little later on to deal with the investigation conducted by Mr. Shepley, with the consent of these impartial and upright Commissioners, into the question as to whether or not I had some connection with the purchase of these lands. I shall call upon my hon. friend the Minister of Justice (Mr. Aylesworth) to justify, if he can, to this House and country certain inquiries to which I intend to direct my attention before I sit down this evening.

ORIGIN OF THE UNION TRUST CO.

I shall run over very briefly one or two points made by my hon. friend the Minister of Justice (Mr. Aylesworth) with regard to the inquiry into the affairs of the Foresters' organization. He says it was of enormous volume. Let me say to him that in respect of a very considerable portion of that business with which the political opponents of this Government were not concerned, there was practically no investigation, and the Minister of Justice thoroughly knows and realizes that fact. Let us come down, however, to one or two statements he made with regard to the relations between the Union Trust Company and the Independent Order of Foresters. My hon. friend from North Toronto (Mr. Foster) has pointed to the fact that the original idea of the establishment of a Union Trust Company was that the Foresters should own 51 per cent. of the stock and that the rest should be taken up by the general public. That idea was changed. It was not changed at the instance of the hon. member for North Toronto (Mr. Foster), but at the instance of the Foresters themselves. My hon. friend for North Toronto (Mr. Foster) was not a member or an officer of that organization and he had absolutely no control whatever over its policy. The Minister of Justice (Mr. Aylesworth) declares that the capital of the Union Trust Company was, to all intents and purposes, a trust fund, because, he says, no other capital stock, no other money was subscribed or practically none other was subscribed, and the total capital stock was composed of the money of the Foresters.

POWERS OF THE COMMISSION.

I do not know exactly what conclusion the hon. gentleman intended to deduce from that. Does he deny that the Independent Order of Foresters has power under the statutes of this country to invest \$2,000,000 in this or any other trust company? My hon. friend (Mr. Aylesworth) will not deny that the Foresters had that power. What, then, is his argument? Let us suppose that the Independent Order of Foresters had invested \$500,000 in the stock of some bank in Canada. Does he argue that, because the money received by this bank for the sale of this portion of its capital stock was money of the Foresters, this Commission would have power to go into

that bank and examine the exact disposition made by the bank of the money so received?

Mr. Aylesworth—Does the hon. gentleman (Mr. R. L. Borden) wish me to answer?

Mr. R. L. Borden—Yes.

Mr. Aylesworth—If the Independent Order of Foresters owned 99½ per cent. of the capital stock of any bank operating in this country certainly the affairs of that bank could have been, and ought to have been, investigated by this Commission.

Mr. R. L. Borden—I understand. Let us take the Minister of Justice there, because we have him very prettily, I think. The Foresters invested nearly \$2,000,000 in the stock of the Union Trust Company, whose capital stock was about that figure. The Insurance Commission, therefore, according to his argument, has the right to investigate that company, the Union Trust Company. Suppose the Union Trust Company had a capital stock of \$10,000,000 and the investment by the Independent Order of Foresters had been still \$2,000,000, would the powers of the Commission have been less? That seems to me the argument, and yet I would hardly have expected such an argument from the Minister of Justice.

Mr. Aylesworth—I said 99½ per cent.

Mr. R. L. Borden—Well, suppose it had been 91½ per cent.?

Mr. Aylesworth—I prefer the facts as they are.

WHERE DRAW THE LINE.

Mr. R. L. Borden—But where would the hon. gentleman draw the line? If the Independent Order of Foresters owns 51 per cent. of the stock of a company, apparently there is no power of investigation, but if it owns 99 per cent. there is power of investigation. I have here the Order in Council appointing the Commission; let us see if we can find any such distinction in the words of that document. The Commission was authorized to inquire into:

(a) The general subject of life insurance and life insurance systems in Canada.
(b) The operations of the various companies chartered by the Parliament of Canada, or by any province and licensed under the Insurance Act, transacting life insurance in Canada, including expenses of management, investment of funds and other allied questions.

2. To make the like inquiry, as far as deemed necessary into the operations of companies other than those chartered by the Dominion or province, transacting in Canada the business of life insurance.

3. To inquire into the operation of the laws of Parliament of Canada relating to and governing the business of life insurance, both as regards Canadian companies and companies other than Canadian, and to consider and report upon any amendments thereto that may be deemed necessary.

I do not find in that any suggestion that the powers of this Commis-

sion are regulated by the consideration whether the insurance company owns 51 per cent. or 99 per cent. of the stock of any trust company.

MR. AYLESWORTH'S TASTE.

The hon. Minister (Mr. Aylesworth) attached very great importance to the fact that the Foresters owned 99 per cent. or thereabouts of the capital stock of the Union Trust Company. He did not lay any stress in his "calm" and "moderate" speech upon the fact that the Foresters got 99 per cent. of the \$526,000 of profits made by the Union Trust Company. And think of the fairness of this "calm" and "moderate" speech in which the hon. gentleman likened certain investments made by the Union Trust Company to the embezzlement of funds by the manager of the Ontario Bank. My hon. friend from North Toronto (Mr. Foster) challenged any member in this House to lay his finger upon one investment for which he was responsible that was not sanctioned by the law of the land. There is the difference of the case of my hon. friend from North Toronto and such a case as that which was suggested—with no very good taste—by the Minister of Justice. The insinuation was very plain, but the facts do not in the least support the insinuation, and the Minister of Justice knows that as well as I do.

THE COMMISSION FABLE.

Now, he deals with the question of commissions, and I do not consider that his speech can be regarded as very "calm" or very "moderate," or even very fair in that connection. Why, Mr. Chairman, in discussing the question of commission he spoke as though the Independent Order of Foresters were the purchaser of these lands and not the lender upon the security of those lands. Suppose my hon. friend from North Toronto, in the course of his affairs, were making a purchase of real estate—say for the purpose of a residence, and suppose that the real estate agent from whom he was purchasing asked \$21,000 for the property, while my hon. friend thought it only worth \$20,000, and suppose that the agent finally said: I am to receive a commission from the vendors, and if you will give \$20,500 I will take of \$500 of the commission of \$1,000 to which I am entitled and hand it back to you in order that the sale may be consummated—would the Minister of Justice say there was anything improper in that? And is that in the slightest degree different from the transaction which has been commented upon with such severity by the Minister of Justice this afternoon? As a matter of fact the Independent Order of Foresters had no interest whatever, as I understand it, I speak subject to correction, in the profits which were to be made by the purchase and sale of this property.

Mr. Foster—Absolutely none.

TRUST COMPANY HAD NO INTEREST.

Mr. R. L. Borden—There was no beneficial interest either in the Independent Order of Foresters, or in the Union Trust Company in one dollar of such profits. As far as the transaction of the first commission is concerned it seems to me, from the statement made by my hon. friend from North Toronto (Mr. Foster), not controverted by the Minister of Justice (Mr. Aylesworth), and from the evidence which appears on the pages of this testimony, that it amounted simply to a reduction in price which was borne by the agent who was making a commission upon that sale. That is all there is in it from beginning to end, and the same is absolutely true of the second commission which was also commented upon so severely by my hon. friend the Minister of Justice (Mr. Aylesworth). But to show the length to which this Commission was willing to go in its zeal to discover the truth, let us look at the report of the Commission for a moment with regard to the commission of \$10,000, the second commission referred to by the Minister of Justice. It was a commission of \$10,000 in which neither the Union Trust Company nor the Independent Order of Foresters could possibly have had any beneficial interest. If the Union Trust Company or the Independent Order of Foresters had received that or had received the first commission they would have been bound to account for it to the persons who were really entitled to it. There is not the slightest doubt of that upon the evidence or upon the statement made by the Minister of Justice. But the commission which was to be given to Pritchett amounts in all to \$10,000, one-half of which he gave up for the purpose of making the sale. The commission of \$10,000 was divided, as has been explained, between the purchasers of the property and Mr. Pritchett himself; and this Commission found it necessary not only to go into the question of the disposition of the \$5,000 which Pritchett gave up but found it necessary to go into the question of the disposition of the part which Mr. Pritchett retained.

A SAMPLE OF IMPERTINENCE.

The Minister of Justice did not indicate to us in what way either the Independent Order of Foresters or the Union Trust Company was interested in that \$5,000 that Pritchett was entitled to retain as his commission. Does the Minister say that either one of these organizations could by any possibility have any beneficial interest in that \$5,000? He will not say it; and yet because \$1,000 of that money afterwards was paid over for good consideration to the Hon. Colin Campbell, Attorney-General of the Province of Manitoba, and a Conservative, these Commissioners found it necessary to go into a long inquiry as to whether or not Mr. Campbell had given any actual consideration for that \$1,000. That is the work of this independent and fair minded Commission commended in such terms to-night by the Minister of Justice. Not only that but in order to cast an aspersion by

their report upon the honor of Mr. Campbell they do not even do him the justice of giving on the pages of their report his explanation. After casting this aspersion on him what do they say with regard to this statement?

Mr. Campbell's explanation of this will be found at pages 3136-3140.

That may be the work of a Commission which was not trying to accomplish political ends, but I am bound to say that the Commission did themselves very little justice in framing their report in that way, if my opinion is worth anything on the subject.

AN EVASION.

Let us go a little further. The Minister of Justice went at great length into the transactions of the Great West Land Company. There was a sum of \$100,000 which he mentions as being a profit to the member for North Toronto (Mr. Foster) and his associates. That profit was only to be received by the member for North Toronto (Mr Foster) and the other gentlemen in case the enterprise of that company should prove to be a success. Every dollar of the liabilities of the Great West Company would have to be discharged, including all the liabilities to the Foresters organization or to the Union Trust Company before one single dollar of that profit could be realized, and my hon. friend the Minister of Justice did not lay very much emphasis upon the circumstance that the 337½ shares of stock to which he alluded were part of the \$100,000 profit which was to go to these gentlemen in case the enterprise should prove a success. He did not lay any undue emphasis upon the circumstance which is disclosed in the evidence that when in the end a change was made by which the Union Trust Company ceased to have as its share in this enterprise the stock of the Great West Land Company, and reverted to the mortgage security which had been the idea in the first instance, that change was not made at the instance of the member for North Toronto or his associates but was made at the instance of the other directors of the Union Trust Company. Therefore it does not seem to me that the Minister of Justice presented the evidence quite fairly to the House when he adopted the tone which he did with regard to this transaction.

A POLITICAL EXCURSION.

I said I would deal a little with the work of this Commission in connection with some other matters. Let me refer the Minister to the evidence in this case taken by the direction and under the order of this Commission which is to be found at pages 2502-2509. The gentleman who is being examined before the Commission at this time is Mr. A. A. Lefurgey, a member of this House, and the evidence from which I am quoting begins at page 2502. Let us remember the scope of this Commission. The scope

of this Commission, generally speaking, was to make an inquiry and investigation into insurance companies and into the working of the insurance law of Canada. Mr. Lefurgey was asked:

Q. When was it you made this trip to the west?—A. In 1901 or 1902.

Q. Can you get a little nearer to it than that?—A. September, 1902, I think.

Q.—Who were of your party?—A. I do not know that I could name all at the present time, but the parties who were interested with us in forming up this—

Q. What was the occasion of the journey?—A. The occasion of the journey was a trip that Mr. Borden was making to the west.

Mr. Shepley perfectly well knew what the occasion of the journey was and his object in this conducting an investigation into the insurance companies of Canada and into the working of the insurance laws of Canada was to demonstrate to the people of this country that Mr. Lefurgey and other Conservative members of this House had purchased some lands on that western tour in which they accompanied me for political purposes. He goes on:

Q. It was one of the occasions on which you were exercising your preference for politics?—A. Yes.

Q. It was a political tour?—A. A political tour, yes.

Q. With a political object in view; it was Mr. Borden's trip to the west which we know about. Now by whom was the subject of buying lands introduced and when?

NOTHING TO DO WITH INSURANCE.

What had that question to do with the insurance companies of Canada or the working and operation of the insurance laws of this country? Can the hon. Minister of Justice suggest? Can any hon. gentleman suggest? Mr. Lefurgey answered:

A. I think it was talked over by Mr. Pope and myself, as far as I remember, casually at first. That was the first conversation we had.

Q. The first conversation you had was with Mr. Pope?—A. Yes.

Q. Was anybody else present when that conversation was going on?

He was extremely anxious to find out whether Mr. Borden was present at some of these conversations.

A. Not that I recall at the present time.

Q. Who introduced the subject, yourself or Mr. Pope?—A. That I would not like to say. The subject of lands was one that was very much discussed through the west then, as it is now I would not like to say.

Q. You would not like to say who first broached the matter, yourself or Mr. Pope?—A. No.

Will anybody tell me what all that has to do with the subject of an investigation into an insurance company or the operation of the insurance laws of Canada?

Q. But it was one of you, so far as you are concerned?—A. Yes.

Q. Was anything definite arrived at during that first conversation?—A. No, nothing definite, only that we thought it would be a good idea and that we would see what others would like to go in with us.

Q. What others having regard to those who were participating in the journey?
—A. Not necessarily, no.

Q. You mentioned the number ten?—A. Yes.

Q. Was that discussed at this first interview?—A. I won't say it was discussed at the first interview; it was discussed on the train. It was understood that we would limit it to ten, that we would take no more than ten into it.

What has this to do with the subject confided to the Commission by the order in council which I have read to-night? Will the Minister of Justice, when he comes again to discuss this matter before the House, point out to me what this has to do with the matter legitimately within the scope of the Commission?

INSATIABLE CURIOSITY.

Q. Perhaps I had better ask you then who came into the matter next to yourself and Pope, so far as you are aware, as a potential member of the syndicate?—A. I think our next conversation was with Mr. Fowler. He was on the trip.

Q. Then, Mr. Fowler, who was also on the trip, was the next person who came in. Who brought him in?—A. I think he came in in the natural course of conversation that we talked it over with him afterwards, and afterwards Mr. Bennett and those persons signified their willingness to go in and take up land.

Q. That would be four?—A. Yes.

Q. Were your four, Mr. Fowler, Mr. Bennett, yourself and Mr. Pope, the only ones who discussed it on the trip?—A. The only four with whom I discussed it.

Can there be any doubt in the minds of any hon. gentlemen in this House as to what the object of that particular inquiry was? Does the Minister of Justice, speaking as he has spoken of Judge MacTavish and of his ability as a lawyer, pretend to tell me that Judge MacTavish did not perfectly well know that the inquiry then being prosecuted was not within the legitimate scope of that Commission? I desire to speak most respectfully of any member of the bench of this country, but when any member of the bench undertakes the responsibility of acting upon a Commission of this kind he lays himself open to fair and reasonable criticism in regard to his conduct of it. I have endeavored to give to Judge MacTavish the benefit of every possible doubt, not only of every legitimate doubt, but of every possible doubt, and I cannot find it in my mind to believe that he thought that particular inquiry was within the legitimate scope of that Commission. He is either incapable of properly discharging his duties as a member of the judicial bench, or he knew perfectly what Mr. Shepley was aiming at in this particular inquiry and that it was not within the scope of legitimate inquiry.

Q. The only four who were suggested as being possible members of your syndicate?—A. The only four with whom I discussed it.

Q. I am now asking you something that is a little different from that. Were they the only four who were expected to become members of the syndicate?

That is a question authorized by the members of the Commission who were to investigate the insurance companies of Canada and the operation

of the insurance laws of this country. Do I need more than to read the evidence? Do I need to add anything to it?

A GREAT DISAPPOINTMENT.

A. The only four who were expected at that time to become members of the syndicate, although mention was made that possibly Mr. Borden might come in. Personally I never talked to Mr. Borden, not on the trip.

So the hon. gentleman's object was accomplished, and the apparent object of the commission was accomplished. They had succeeded in introducing the name of Mr. Borden. Now, I will go a little further with this investigation into the insurance companies of Canada. The next question is as follows :

Q. Did you hear him say he would join?—A. No.

And this is the work of a commission authorized to inquire into the insurance companies of Canada and the operation of the insurance laws of this country, a commission whose impartiality and fairness and the general excellence of whose work have been commended in such glowing terms by my hon. friend the Minister of Justice. Now he proceeds further to investigate the insurance companies of Canada in the next question:

Q. Or that he thought he would join?—A. No, not at that time, no.

Do I need to read further to convince hon. gentlemen as to what that Commission was engaged in at that time, or as to the object counsel had in propounding these questions and obtaining these answers?

STILL HUNTING FOR MR. BORDEN.

Now, he proceeds further to investigate the insurance companies of Canada by another question:

Q. Or during that trip?—A. No.

And then he goes on with this investigation into the insurance companies of Canada by the next question:

Q. Are you quite clear about that?—A. I think I am fairly clear. I don't think I had any personal conversation with Mr. Borden as to it.

And so on, at great length, in connection with an inquiry into the insurance companies of Canada and the operation of the insurance laws of this country. Then, on the following page (2504) he is referring to some evidence which it appears Mr. Lefurgey had given in some litigation between himself and other members of the syndicate which purchased this land. And before I read the question, remember that the Commission and the counsel are prosecuting an inquiry into the insurance laws of Canada and into the business of insurance in this country.

Mr. Aylesworth—Does my hon. friend forget the word "investments," or does he purposely omit it?

Mr. R. L. Borden—I see, we have now the whole explanation of all this evidence. The Commission on this occasion were inquiring into investments of insurance companies in Canada.

Mr. Northrup—Or investments that anyone might make.

Mr. R. L. Borden—I was about to remark that perhaps if this same mode of inquiry had been adopted with regard to the private affairs of gentlemen who have sat on the Treasury benches since 1896—

Mr. Taylor—They would find out something.

Mr. R. L. Borden—Mr. Shepley puts this question:

MR. BORDEN REALLY THOUGHT OF BUYING LAND.

Q. This is what you said about Mr. Borden; it may or may not be important. I want to see whether you say so now.

On that occasion I cannot say whether we approached Mr. Borden; I believe he indicated a willingness possibly to join us, he said he would very likely join us on that occasion that we interviewed him; I don't know whether it was on that occasion, but during the trip he indicated that he would possibly come in with us.

Q. You do not modify that to-day at all?—A. No, I am not clear, I told you I would not say personally that I had any conversation with Mr. Borden at all.

Q. But you had in some way or other?—A. An intimation that he might come in, yes.

Further on—at page 2505—they are still prosecuting an inquiry into the insurance companies of Canada, into the operation of the insurance laws, and into the "investments," because I must not forget that, as the Minister of Justice considers it a proper justification for the inquiry which I am just now quoting:

Q. Then had there been any other communication with you in the meantime until you got this letter indicating that Mr. Borden had carried out the intention that you understand he had of going in?—A. None.

Q. Then did you understand when you got these instructions to keep the matter mum except between the three persons, Borden, Bennett and yourself, that he had come in?—A. I suppose I would form a reasonable presumption, the same as you would that he had.

This particular, remember, upon the ground stated by the Minister of Justice, is an inquiry into the "investments" of insurance companies in Canada.

Q. I was trying to get what was in your mind at the time, what information you had at the time?—A. I presume that would have been in my mind, I don't know whether it was or not.

Q. Then that would indicate five people up to the present time: Messrs. Fowler, Pope, Lefurgey, Bennett and Borden—

A LONG WAY FROM INSURANCE.

And these are the gentlemen as to whom we must be so careful that we say nothing about them in their absence. I was not before the Com-

mission at that time, I knew nothing of the examination, and behind my back there was the counsel under the authority of the Commission, going outside of the scope of that Commission for a distinctly political purpose and dealing with a matter which could by no means have any possible relevancy to the subject legitimately confided to these gentlemen by the terms of the Order-in-Council. Then on the next page:

Q. I am asking you whether you assent to what I have drawn from it, that apparently eight people, the original four plus Mr. Borden and plus the new three were indicated by this letter?—A. I assent that there are a certain number of names mentioned there.

Then further on

Q. Then, if it does not, perhaps you will assent to that; you were getting the inside track as to selection and you were also getting the inside track as to terms and prices according to the letter. Then apparently there was some communication of the 7th November which is not set out in the depositions. Do you remember what that was?—A. Some conversation.

And then further on at page 2509:

Q. Did you get any further information about the head of the Chemical Company?—A. I don't think that I knew that Peuchen at the time was interested either.

Q. Any further information about Mr. Borden?—A. I think possibly I know that Mr. Borden was not in it, at that time.

Then further on in the same page, he is quoting evidence in the suit to which I have referred:

Q. Now this is something that I would like you to make a little plainer for us than it seems to me. You were asked question 106, "You left it to him," that is to Fowler, "to get anybody that was to be got." That is, to get anybody to come into the syndicate that was to be got. Your answer was, "It was left with them." That means Pope and Fowler, I suppose. "They were supposed," you went on, "to have held a meeting in Montreal, 107. Q. With whom?—A. With the parties interested. I presume that Bennett and I presume that Mr. Borden was up there, but I was not up there myself." What meeting are you referring to there?—A. The meeting he referred to in his letter.

Now let me go a little further into some evidence that occurs in the examination of my hon. friend the member for King's (Mr. Fowler). Mr. Shepley was apparently not yet satisfied with his investigation into the history of the trip to the west and of the conversations which took place between gentlemen in regard to their personal business matters, and therefore he proceeds to get some information from Mr. Fowler.

Q. What was the origin of you and Mr. Pope taking up this scheme of getting land from the Canadian Pacific Railway? How did that come about?—A. Well, of course, Mr. Shepley, I don't see what that has to do with this investigation, to start with—

And I am sure no other person in this country will be able to understand what that had to do with the inquiry, as I will endeavour to demonstrate more fully later on. Mr. Fowler continues his answer—

—and I protest against giving evidence with respect to it. That was purely a private matter, how we came to get this land, our taking up the option, so far as the pur-

pose of your investigation is concerned, in my humble view. When you get to the transaction between us and the Union Trust, who represented the Foresters, of course you have a perfect right to examine into it,

Q. Yes? Well, I can only beg you to take a little wider view and to tell me what was the origin of it?—A. I submit myself to the ruling of the commission.

WHAT WAS ALL THIS FOR?

The proposed investigation could only have been for one purpose, as the evidence discloses later on, and that was to prove if possible that these gentlemen, who were concerned in that purchase, had improperly used their positions as members of Parliament, and had obtained from the Canadian Pacific Railway Company those lands at a price lower than the price at which it would have been willing to sell them to other persons. That question is gone into on page after page of this testimony, not only in the evidence of Mr. Lefurgey, which I have not read in full, but in the evidence of Mr. Fowler, and finally at great length in the evidence of Mr. Griffin, the land commissioner, of the Canadian Pacific Railway; and I ask my hon. friend the Minister of Justice to inform us when he comes to address the House, in what way the scope of this Commission involved the investigation of these matters. Were these Commissioners authorized or empowered to investigate the conduct of these gentlemen, or was it any part of their duty to investigate and report on the question whether or not the Canadian Pacific Railway Company received a fair price for those lands or the same price which they would have obtained from any other person?

Mr. Fowler—Those were the secret instructions.

Mr. R. L. Borden—I do not know about that. All I say at this moment is that these matters in no wise concerned anything that could by any possible stretch of the imagination be within the scope of that Commission. What is the ruling of Judge MacTavish, when the objection that I have just now read was made by Mr. Fowler?

Judge MacTAVISH. Answer the question.

Mr. FOWLER. Now, then, let me hear your question.

A QUESTION FOR JUDGE MACTAVISH.

Then, under the direction of the Commissioners, Mr. Shepley goes into a full political investigation as to whether or not these members of Parliament had obtained from the Canadian Pacific Railway Company those lands at a lower price than that at which they could have been obtained by any other purchaser. Now, my hon. friend the Minister of Justice may take a different view of this matter from myself. I have no doubt that he will deal with it before this debate is concluded. For my part, I cannot understand—I say it in all sincerity—why Judge MacTavish under the circumstances could have supposed that that Commission was authorized to make such an investigation as that. As far as I was concerned, I had nothing to conceal in the matter; and if it were worth while, I would be

perfectly willing to have my supposed connection with the transaction, or for that matter any other transaction of my public or private life, examined into by any committee of this House or by all the Royal Commissions which this Government or any other Government could see fit to appoint. But when we are asked by my hon. friend the Minister of Justice to say that that Commission did not step out of the legitimate scope of its instructions, I say I do not concur with him. I say I cannot conceive for one moment why Judge MacTavish should have authorized an investigation of that kind, an investigation which might have affected the political status of gentlemen who had no right to appear there by counsel to cross-examine witnesses or to produce witnesses in their defence—not an ordinary case of procedure in court, where these gentlemen would have the right to defend themselves; but a procedure by what in this respect degenerated into a mere political inquisition into the conduct of hon. gentlemen on this side of the House. Under these circumstances I for my part do not feel that my hon. friend the Minister of Justice has discharged his whole duty to these Commissioners until he has explained why it was that they dealt with these matters to which I have alluded—why they endeavoured to prove, and permitted counsel to endeavour to prove, that Conservative members of Parliament had abused their position, that they had obtained lands at a lower price by reason of the fact that they were members of Parliament. The Minister of Justice says that the power to investigate investments justified this. How was any question of investment concerned in the examination to which I have just alluded? The Minister of Justice smiles. I have no doubt that he will show how that is relevant.

THE VALUE OF LAND.

Mr. Aylesworth—Was not the value of the land important?

Mr. R. L. Borden—This was not a question of the value of the lands.

Mr. Aylesworth—I thought it was. The price at which the lands changed hands was one of the most important questions.

Mr. R. L. Borden—And so they were investigating the value of the lands as an investment, and that is the reason they were endeavouring to connect my name with the transaction, I suppose. Well, we are glad to understand what the theory of the hon. gentleman is. For my part, I am not disposed to accept that theory. These matters were in no wise concerned with anything that was within the scope of that Commission. The value of those lands as an investment for the Union Trust Company was one matter; the question whether Conservative members of Parliament had interviews with Sir Thomas Shaughnessy and other officials of the Canadian Pacific Railway Company at which they used their influence as members of Parliament was another and altogether different consideration, and it was into the latter consideration that the counsel appointed by this

Government and the Commission appointed by this Government saw fit to inquire, and with what result in the end? Let me point out to you.

AN EXPENSIVE CURIOSITY.

After a long investigation, a political inquisition paid for by the people of this country out of the public exchequer and I would like a careful estimate to be made of how much of the \$75,000 which we are asked to vote to-night is to be applied to this part of the investigation—after a long and tedious examination of Mr. Griffin, the land commissioner of the Canadian Pacific Railway Company, solely upon the question as to whether these gentlemen had abused their position as members of Parliament, we have this statement by Mr. Griffin:

I have no hesitation at all in saying that the sale that was made was a more advantageous sale than a sale of the same quantity of land in what would necessarily be a somewhat wider territory through the same character of district from between Saskatoon and Edmonton at \$5 an acre. That is, if Messrs. Pope and Fowler had gone and picked 200,000 acres of land, picked sections through all that territory at \$5 an acre, they would have obtained a better bargain than they did.

Q. And it would have been a correspondingly worse bargain, you would say, for the Canadian Pacific?—A. That is my opinion.

Q. Then, my learned friend will not mind my altering the form of these a little? Mr. CREELMAN. Oh, not at all.

Mr. SHEPLEY. Did Messrs. Pope and Fowler receive any special consideration at your hands for any reason whatever in connection with this sale, or did they get just the terms that any other persons of substance with the money to pay could have got?—A. They received exactly what I would have recommended in the case of any other purchasers.

Q. Did you receive at all from anybody in authority in connection with the Canadian Pacific any instructions or any suggestion that you should reduce or lower the price to these gentlemen?—A. I never received even a suggestion from anybody that I should give Messrs. Pope and Fowler any special concessions that would not be accorded to others.

Q. Then I think that is all I have to ask Mr. Griffin.

The rest is a statement by Mr. Shepley as to the future proceedings of the Commission, which I need not read. So that the public money of this country has been expended, and we are asked to vote it to-night, for the purpose of conducting an inquiry which, I repeat, could not by any conceivable stretch of the imagination be regarded as within the scope of the Commission under which these gentlemen acted.

SPEECH OF
Haughton Lennox, M.P.

APRIL 17, 1907.

On motion that the House go into supply, Mr. Lennox (South Simcoe) said:

Mr. Speaker, before you leave the chair, I desire, in accordance with the notice I have given to the Government, to bring up the question of the Royal Insurance Commission. Owing to the action of the Government we are to have another year of chaos in this matter. The Commission was appointed in great haste. Complaint was made at the last session that the Government, after leaving the matter so long, had seen fit to make the appointment on the eve of the session, and the explanation given to the House was that the urgency of the matter was the reason why the appointment had been made at that time. It was then stated that the probability was that the report of the Commission would be in the hands of the Government in time to enable them to introduce legislation this year. The fact is that that hope was not realized and we are again approaching the close of a session and it is evident that there is to be no legislation in reference to this matter this session. The result is that we are to have another year in which the people do not know in what position they stand in regard to insurance matters, a year in which every life insurance company which has been condemned by the Insurance Commission will to a large extent be powerless and paralyzed in its efforts.

THE WIDOWS AND ORPHANS.

The Minister of Justice (Mr. Aylesworth) the other night drew a pathetic picture of the widows and orphans of the policyholders. We must not forget that during this period of uncertainty men will not insure, they will allow their policies to lapse and the widows and the orphans will suffer irretrievable loss in consequence. In addition to that we will have standing upon the records of this House embodied in the report of this Commission, a condemnation, unrefuted, of every home insurance company in this country, and although the Insurance Commission did authorize an inquiry into the acts and proceedings of every insurance company doing business in Canada, there will not be the same condemnation in regard to foreign companies operating here, and so their operations will be extended and to that extent the operations of our own home companies curtailed. It may be said that this is a matter that affects the companies alone. That is not

so. Every policy-holder is interested in the success of the company in which he is insured. The success of the company must be to a large extent the success of the insured as well. I propose at the close of my remarks to move a resolution along the lines of my criticism. First I want to call the attention of the House to the scope of the inquiry which was committed to the Royal Insurance Commission.

SCOPE OF THE COMMISSION.

The Order-in-Council provides:

That the commission shall inquire into:

- (a) The general subject of life insurance and life insurance systems in Canada;
- (b) The operations of the various companies chartered by the Parliament of Canada or by any province, and licensed under the Insurance Act, transacting life insurance in Canada, including expenses of management, investment of funds, and other allied questions.

2. To make the like inquiry, as far as deemed necessary, into the operations of companies other than those chartered by the Dominion or a province, transacting in Canada the business of life insurance.

What would be the scope of the inquiry as regards the home companies because, as regards the other companies doing business in Canada, the Commission, as I understand, actually did nothing at all. Would the scope of the inquiry be different at all from what it would be if directed say to the operations of a bank? They are to inquire into the subject of insurance and insurance systems in Canada. There is no need of elaborating that branch, because that is clear. And they are also to inquire into the investment of funds. If their inquiry were into the operations of banks and their investments, it is perfectly plain what scope the Commissioners would have. They would have the right to inquire into what had been done with all the moneys of the bank, to whom these moneys had gone and what securities had been taken in return. But beyond that they would not be empowered to go. They would not have the right to inquire into the particular methods by which the customers of a bank had acquired their property, the prices they had paid, or the chain of title through which it had come. That would all be foreign to the subject of the inquiry. Take the case of a loan company. The Commission would have the right to inquire into the various loans which had been made by the company, the expenses they had incurred, the class of securities they had obtained. But what the men the money had been lent to had done with it, whether they had dealt with it honestly or dishonestly, how they had acquired their property in the first instance, by what title it had come to them, would be recognized by all thinking men as matters thoroughly foreign to the investigation.

A ONE-SIDED HEARING.

But if we take the methods which were adopted by this Insurance Commission, we are at once struck with their complete departure from any

such principle. We may take it for granted as preliminary that any investigation into banks or loan companies—and I submit also in the case of insurance companies—should be perfectly impartial—one in which the parties interested would have the right themselves to show their position. It would not be assumed that the counsel appointed to conduct the Commission would paint these companies either black or white, but that these companies would be permitted to bring forward all the evidence they thought would bear on the question and be allowed, through their own counsel, to cross-examine the witnesses produced by the Commission and bring forward witnesses of their own. But instead of that we had a one-sided inquisition and trial, and we had an absolute and distinct denial by the Commissioners to allow these companies to cross-examine the witnesses or produce evidence on their own behalf, and we have spread upon the reports and the record a condemnation clear and straight of every life insurance company in the Dominion. We had Mr. Shepley employed by the Government, and I submit that he should have been in an impartial position. I believe that was the expectation of the country when he was appointed and I do not know but that it was the intention of the Government, but if I refer to the language of Judge MacTavish at the opening of the investigation, I would understand that the counsel was merely in the position of assisting the Commission and should be exactly in the same position as counsel who would appear on the other side as regards the right to examine and inquire into the various matters that come before the Commission.

SHEPLEY PLAYED MANY PARTS.

But instead of that the evidence shows that Mr. Shepley throughout this investigation was the pursuer, the prosecutor, the inquisitor and the judge in this investigation. In the annals of British or British-Canadian history you cannot find a case in which a gentleman occupying the position that Mr. Shepley occupied in that matter afterwards took his place as a judge beside the men who were appointed as judges, and decided upon the very points he had been himself advocating during the case. And to show what an impartial judge Mr. Shepley made, I shall refer to a sentence in the examination as a sample of the position he occupied when he assumed to take the position of judge. On page 2603 of the evidence we find this question:

Q. Mr. Shepley: What do you think, having regard to all these circumstances, can you say with certainty, having regard to the fact that you do not find your signature in the attendance book, and having regard to the fact that the subject was never brought to your attention, have you any doubt there never was any such a meeting?—
A. I do not think there would be any minutes in the minute book unless there was a meeting; but the minutes would be signed of course.

I call attention to this statement in this question:

A CASE OF SUPPRESSION.

Have you any doubt that there never was any such meeting?

And yet this gentleman whom the Government saw fit to employ as a judge had before him at that time, and the Commission had before them at that time, the clear and implicit evidence of Mr. Stephenson, which I read the other day, who stated that he sailed from New York on the 15th of November, that the meeting in question was said to have taken place on the 13th of November, that on the 13th of November he was in the city of Toronto, that he moved a resolution which was seconded by Col. McGillivray, that the resolution was not put into writing because, as he says,—and he challenges the attention of Mr. Shepley and of the Commission to that fact—he was in a hurry on the eve of his departure, and wanted to get to New York so as to sail for Europe. And yet Mr. Shepley with that knowledge before him, was endeavouring to get Col. Davidson to swear to the fact that there never could have been such a meeting, although he knew as well as mortal man can know, both by the statement of Mr. Stevenson sworn five or six days before, and by the documents which were under his hand at the moment, that that meeting did take place, as a matter of fact, and beyond all question.

I do not intend to go very fully into this matter at present, but I submit that the line of investigation pursued by the Commission was wholly unauthorized by the scope of the Commission.

STATEMENT OF SENATOR COX.

In reference to that I may be permitted to refer to a matter to which the Minister of Justice referred the other day, namely, that this question had already been brought up in the Senate by the Hon. Senator Cox, and I think it well to read a short extract from the statement of Senator Cox, made in the Senate, with reference to the manner in which this investigation proceeded, and as to whether they confined themselves to the scope of the investigation. He says:

This was something that occurred in the interval—

Referring to the loans that had been made to Ames & Company.

This was something that occurred in the interval, and it seems to me the commission travelled a long way out of their jurisdiction to do this institution harm by raking up a transaction of that kind, a loan which had long since been paid, and in which there was never a dollar risked.

That I have nothing to do with, that is a matter between the Senator and the Commission.

Hon. Mr. LANDRY. It was not the first time the commission travelled out of their way.

Hon. Mr. COX. No it was not. They have travelled out of their way a long way to do a great deal of injury to Canadian institutions. In that report of several hundred pages there is not one solitary word of commendation with regard to the

thirty or forty different Canadian companies that are doing business in this country, and all over the world, practically. Everything that could be said, and everything that could be done, and everything that could be withheld to injure our Canadian companies in the eyes not only of Canadians, but in the eyes of the public outside of Canada, where neither the commissioners themselves nor the officers of the company are known, was resorted to.

NO CREDIT TO THE COMMISSIONERS.

I cannot put it any stronger than that. What the Senator means by saying 'where the Commissioners are not known' I do not know, whether it would be more injurious where the Commissioners are not known, or whether that is the point he desired to make. Hon. Mr. Edwards, a pretty good supporter of this Government, says:

Hon. Mr. EDWARDS. An advertisement for outside companies as against Canadian companies.

Hon. Mr. COX. Yes, an advertisement for outside companies—doing everything they could in that way. Our Canadian companies are in competition with several United States and English companies and nothing has been said derogatory to these companies whatever. No examination of them has been made to show whether they could have the same kind of charges brought against them. They have been left untouched, and the Canadian companies have been weakened, injured and prejudiced in every possible way. I think the report of the Royal Commission on Insurance does no credit whatever to that body.

THOROUGHLY UN-BRITISH.

Now, I charge that this Commission not only was conducted in a way that was thoroughly un-British and thoroughly unjustifiable as regards the various interests that were involved, but it was conducted from a political standpoint, and had for its object the prosecution of a political search. Read the pages of evidence; turn to the evidence, for instance, of Mr. Griffin, and see the long and tedious investigation that was made there with the object of trying to show that this land was paid for at an undervalue by the Fowler-Pope syndicate, page after page, column after column and day after day, spent with the object of proving if possible that this land which was sold by the Canadian Pacific Railway for \$3.50 an acre, was worth probably twice that amount. And what was the object of that? If the Commission were pursuing a line within the scope of their investigation we can understand that it might be proper for them to inquire whether fair security was obtained when the Foresters invested their money. But when their object is to find out that this land was worth probably double \$3.50 an acre, what could have been the object of such an inquiry? It was, if possible, to blacken the character of public men, members of Parliament who were in this syndicate, and to show that they were abusing their position, prostituting their position as members of Parliament, had, in fact, sold themselves to the Canadian Pacific Railway, that the Canadian Pacific Railway bought these men by giving them land at an undervalue. Is there any honest man in this country who, leaving political prejudice aside, can find one scintilla of reason which will justify the Insurance Commission investigating a

matter of that kind? Is there one honest man in this country who can say that the investigation, with Mr. Griffin, of the books and records of the Canadian Pacific Railway advanced one iota to the special object which had been committed to this Royal Insurance Commission.

A POLITICAL INQUISITION.

Then we have the evidence of Mr. Fowler. We have that extended over page after page and the object is the same. It starts out by asking Mr. Fowler what papers or documents he has. Column after column is devoted to telling Mr. Fowler to make a jotting of this or that. Mr. Fowler says that he wrote to some people endeavoring to sell his land. Produce these letters or copies of them. Every ramification, every matter from the first day that these gentlemen began to think of acquiring these lands, every step and every idea was pressed upon Mr. Fowler by Mr. Shepley, the examiner, and when that branch is exhausted and when he is told by the Commission that he must produce every document, every map and every scrap of paper he has in connection with the beginning of the transaction and how the transaction originated in his mind, they come down to another point, and on this point I will take the liberty of reading a few sentences. Not only do they want to know what was the real value of the land at the time, but they insist upon knowing where Mr. Fowler got the money. Was there any right, was there any necessity, if Mr. Fowler had not been a member of Parliament and a Conservative, to inquire into these matters? Is there anyone who believes that this inquiry would have gone into the question of how Mr. Fowler financed this transaction had he not been a member of Parliament and a Conservative? We have Mr. Shepley examining Mr. Fowler as follows:—

Q. Not only the surveyed, but the unsurveyed part?—A. Well, of course, the unsurveyed part would have to be very general.

Mr. Shepley is asking as to the line of railway.

Q. That would be approximate? A.—That would be approximately, of course, that any one could pretty well tell from the map, because, as far as it was surveyed they would know that they had to go by a certain route, they were going to Edmonton, and I suppose a layman could arrive at a fair guess with respect to that. However, that is what we did.

Q. That is what you thought was the easier way, but you have not told me what was done in pursuance of that?—A. In pursuance of that, the route was indicated on the map.

Q. By whom?—A. I don't know.

Q. Not in your presence?—A. No.

Q. You left the map for that purpose? And it was returned to you?—A. Yes, the map was given to us. We got the map afterwards with a mark in red ink.

Q. You left it with whom?—A. Oh, I cannot remember.

Q. With Mr. Mann?—A. I don't think it was with Mr. Mann, but it was left there in the office.

STILL INQUISITIVE.

Further on the examination proceeds:

Q. Did anything else take place between yourselves and Mr. Mann then?—A. I think he invited us over to the Toronto Club.

* * * * *

Q. Was there anything then suggested about their having an interest?—A. Oh, no.

Q. How long afterwards did that come up?—A. About their having an interest?

Q. Yes?—A. I never had any conversation with them about their having an interest; never the slightest.

Q. Did you have any conversation with them about raising money?—A. Never in the world.

Q. Did you get any money from them?—A. Never got a dollar.

Q. They did not assist you in financing your first payment?—A. Oh, well, I would not say that. They may have done that. As a matter of fact they did not do that, but I never got any money from them.

Q. Do you think you are answering me quite fairly, Mr. Fowler —A. I think so.

Q. You think you are?—A. Yes.

Q. Tell me the arrangement that was made for financing with Mackenzie and Mann?—A. I don't know it.

Q. Did you make it?—A. I did not.

Q. Who did?—A. Whatever arrangement was made would be made by Mr. Pope. I was not there at all.

Q. Did he tell you what it was?—A. He said they would help us in financing the thing here. This was a long time subsequent to that, you know. But I do not see, Mr. Shepley, again I may say, Mr. Commissioners, I do not see what this has to do with the matter.

And would not any honest man who was pursuing an insurance inquiry feel the same? What on earth had this to do with the question of insurance that was committed to this Commission? Then, we go on a few pages, and what do we find? We find that these gentlemen are interested in finding out if the Fowler syndicate obtained from Messrs. Mackenzie & Mann an endorsement of a note, Mr. Fowler again protests against going into the matter, and he is directed by the Commissioners to answer the question. That is merely a sample.

ANXIOUS ABOUT MR. BORDEN.

If we turn to the evidence of Mr. Lefurgey at page 2502—I am not going to read it—we find that the whole ingenuity of the Insurance Commission is directed to the task of finding out, if possible, whether my hon. friend the leader of the Opposition (Mr. R. L. Borden) was connected with this matter. And for column after column again, by all the devious methods that could be adopted—not by a straight, open manly question: Was Mr. Borden a partner in this transaction, or had he anything to do with it?—but by a surreptitious and hidden course, Mr. Shepley devotes all his energies to finding out if Mr. Borden was connected with this transaction. Mr. Speaker,

you are a lawyer, you know how to analyze evidence, you know how to look at both sides of the case; I appeal to you, if my hon. friend, the leader of the Opposition had committed himself up to the hilt in this matter, what on earth had that to do with the question that was submitted to these gentlemen for investigation? Not one thing. I shall not read that evidence because it was read more effectively the other night than I could read it to the House. But, they were not contented with following a political course as respects hon. gentlemen in the House. They also went to Australia and tried by putting in newspaper scraps which would not be evidence in any proper official investigation and by cross-examining Dr. Oronhyatekha, after he had pointed out to them that the matter had absolutely no connection with the Foresters whatever, and after being told by Dr. Oronhyatekha that any money paid by Dr. Montague, if there ever was any paid was paid out of his own private pocket and had nothing to do with the Foresters, they endeavored to blacken the character of Dr. Montague, a former political opponent, and one who they anticipated might give them trouble in the future.

ATTEMPT TO SMIRCH MANITOBA MINISTERS.

Then, they turned their attention to the Hon. Colin Campbell. We have the evidence as to the matter of the commission paid. That has been sufficiently explained. It is in evidence and it has been dealt with in this House that of the \$10,000 commission half of it went to the syndicate and the other half was retained by Mr. Pritchard. You would have thought that the investigation would have ended there? Nothing of the kind, Mr. Speaker. These gentlemen are still upon the war-path and endeavouring if possible to fasten some insinuation upon some politicians or upon some gentlemen in the other rank of politics. And so, with the absolute knowledge in their minds before they asked a single question as to what is the fact, they followed up question after question to elicit the information that the Hon. Colin Campbell got \$1,000 of that money from Pritchard. What had that to do with the matter committed to these Commissioners? At every stage of the investigation we have proof that the main object of these Commissioners was to turn this investigation into a political inquiry if possible, to do injury to their political opponents. I need not refer to the method pursued in regard to the hon. member for North Toronto. Every page of the evidence, so far as it relates to the Foresters, is bristling with proof that the main object was to try and get rid of a political opponent whom the Government feared. That this was not accidental is illustrated by the whole drift of the investigation, but there is one little piece of evidence to which I would like to refer. With that I am content to leave the case for the present. I leave it with the knowledge that the hon. member for North Toronto will deal with other branches of the case, but I refer you to a letter of the 12th of May, contained in the correspondence brought down, in which Mr. George

F. Shepley, writing from Toronto to the Hon. Charles Fitzpatrick, the Minister of Justice says, among other things:

PRESSURE BROUGHT TO BEAR.

Pressure is being brought to bear upon the one fraternal society here, and it is anticipated at the end of another fortnight we shall have matters completed as to it so that the public investigation may proceed satisfactorily.

There is pretty good proof, in black and white, as to what line these gentlemen were taking with regard to the Foresters.

Mr. Uriah Wilson—Who wrote that letter?

Mr. Lennox—It is written by George F. Shepley to the Minister of Justice.

Pressure is being brought to bear upon the one fraternal society here.

What was the nature of that pressure? I think the evidence, I think the report, furnished pretty cogent evidence as to what the nature of that pressure was. Now, Mr. Speaker, I would like very much to have a fuller investigation into this matter. It is unfortunate that the attitude of the Government has been such, that the engagements of the Ministers have been such as to render it impossible for them now to bring down an insurance bill. Other legislation foreshadowed at the opening of the session has not been brought down. This great measure, this important measure, this measure without which the business of the country is to a large extent stagnant, has not been submitted to Parliament. I deemed it my duty to draw attention to a few questions which arise in connection with this report, other than those I spoke of the other day, and I, therefore, beg to move:

That all the words after the word "that" to the end of the motion be left out and the following substituted therefor:

This House regrets that the Royal Commission on Insurance did not confine its investigations within the reasonable scope of the powers conferred upon it for the purposes of its inquiry.

That by its action in conducting unnecessary and irrelevant inquiries into private and personal affairs with which it was in no wise concerned, coupled with its partial and discriminating treatment, its arbitrary and unBritish procedure, its concealment and misrepresentation of material facts in the summary issued as its report, the commission has lent itself to improper and reprehensible partisan purposes, caused grave injustice to companies and individuals and materially lessened the confidence which otherwise would have been felt in its legitimate work.

Mr. Foster's Conclusions.

Mr. Foster followed Mr. Lennox in a review of the proceedings of the Commission, closing with these words:

This Commission not only went beyond its powers but it made false and misrepresenting findings, it concealed the truth where it should have shown it, and thus produces the impression of bearing false witness against your neighbor, and puts on the records of the House what is absolutely untrue and is shown by the evidence to be absolutely untrue, which evidence is suppressed in the report and not even the purport of it is given. I do not propose to go any further with this at this late period of the session; but there is to be another session, and if God gives me life and health and strength, this will be taken up at the next session, and I have firm faith that this country does not want any kind of political warfare in which the game is not fairly played. If there is any charge to be brought against any man, let it be brought where he can defend himself in the open light of day. Do not go before a Commission which was established for another purpose and there tie his hands and feet and almost his tongue, and then condemn him in a partisan and political way on a charge which was undeclared at the time and which you prevent him from meeting fairly and squarely. I believe the people will be fair in this matter. The trouble is that they must be got to see the whole facts. It will be no fault of mine if the people do not have the facts laid before them.

A FINAL CHALLENGE.

Again I challenge this House or any member of it to take up this question and discuss it. Let them bring their charges and laches as they think they have them and meet me face to face right here on the floor of this House and thresh them out. If ever a document was designed for use in the elections of this country this report is one. Wherever I go to run my election, I know what I have to meet.

I have to meet the opponent with the report of the Royal Commission under his arm. He will go no further to substantiate his charges than to say: That is the report of a Royal Commission which investigated this matter. It will not be the sins of the Government that will be put in issue, or the virtue of the Government's policy, it will not be my political record, but it will be the misuse of a document of that kind and statements in it which will be made the most of in the election, in my case and may be in the case of many others. That is not fair political warfare, but here it is, and I can

come to no other conclusions than that this matter has to be fought out, and that all the light possible must be shed upon it. For my part, Mr. Speaker, I do not shun the fullest investigation that can be made, nor do I propose to shun any effort to that end.

THINGS NOT MENTIONED IN THE REPORT.

Mr. R. L. Borden—Just one word before the question is put, and that is in respect of the inquiry made by the Commission as to the conduct of certain members of Parliament. That was discussed before the Commission day after day, and page after page of the evidence is taken up with it. I simply desire to make one remark. If that matter was worth investigating at all by the Commission it was worth reporting upon. If the Commission had any power or duty to inquire whether those members of Parliament improperly used their position as such, then it was equally their power and duty to report as to whether or not that charge was sustained. Although page after page of the evidence is taken up in this inquiry into the conduct of four Conservative members of Parliament, not one word of that report from end to end shows that that charge was absolutely disproved by the evidence before the Commission. That, in my opinion, stamps the conduct of this Commission from beginning to end as a partisan commission, and I have not the slightest hesitation in voting for the amendment which has been offered.

Cost of the Royal Insurance Commission.

First vote	\$20,000
Second vote	10,000
Third vote	75,000
Total	<u>\$105,000</u>

with more to follow.

• So far particulars are given of only \$47,152.51 expended, made up as follows:

Paid Mr. Shepley, Government counsel	\$8,000 00
Paid Mr. Tilley, assistant counsel	4,000 00
Paid Commissioner MacTavish	2,500 00
Paid Commissioner Langmuir	2,000 00
Paid Commissioner Kent	2,000 00
Paid Actuaries	7,743 80
Paid Stenographers	8,955 00

The performers were paid at the following rates:

Prosecutor Shepley, \$100 a day and expenses, together with a fee which had not been determined when the Commission reported.

Junior Counsel Tilley, \$50 per day and expenses.

The three Commissioners, each, \$30 per day and expenses.

Mr. Dawson, principal actuary, \$50 per day and expenses.

Two assistant actuaries, each, \$20 per day and expenses.

The secretary, \$15 per day.

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